

its' Pacifier



Herald INTERNATIONAL Tribune

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TODAY:
INTERNATIONAL
SECTION
PAGE 9

Air Safety Flies Into a Touchy Debate on 'Culture'

By Don Phillips
Washington Post Service

WASHINGTON — The crew of Korean Air Flight 801 grew nervous as the Boeing 747 approached Agana, Guam, on a rainy night last August. Something did not feel right.

The plane, being flown by autopilot, was descending steeply. The crew talked about the altitude, and someone said several times that the airport was "not in sight." But investigative sources said neither the co-pilot nor the flight engineer spoke out boldly, as trained, to alert the captain or even to urge breaking off the landing.

Alarms suddenly sounded in the cockpit. After an excruciating pause of several seconds, the captain finally cut off the autopilot and prepared to pull up. At almost that moment, the crew of another plane perhaps 50 miles away saw the clouds ahead glow bright red.

The red glow was the Korean Air jet slamming into the top of Nimitz Hill, killing 228 of the 254 people on board. The moments of hesitation may have made the difference because the jumbo jet would have cleared the hill if it had been just a few feet higher.

The question haunting investigators is why the co-pilot and the flight engineer failed to challenge the captain. Specifically, some investigators are wondering whether cultural factors — in this case, a traditional Korean deference to command authority — may have played a role in the crash.

Others experts counter that cultural factors play only a minor role in air safety, and some fear that even raising the issue may smack of racism. The question of why nobody in the cockpit spoke up forcefully is crucial because this kind of crash — in which a perfectly good plane flies into the ground — happens with alarming frequency worldwide. Such disasters account for as many as 8 out of every 10

crashes and more than 9,000 deaths on commercial flights in the jet age.

The issue is so controversial that the word "culture" may never be uttered in three days of National Transportation Safety Board hearings that begin next week in Honolulu, an investigator said. But many of the questions will touch on whether the crew trusted too much automation and whether the co-pilot and the flight engineer deferred too much to the captain in the Aug. 6 crash.

A transcript of the plane's cockpit voice recorder, now a closely held secret, will reveal more about the last moments in the cockpit when it is released next Tuesday, the first day of the hearings. But American and Korean sources confirmed that it will most likely reveal a lost, confused crew that apparently did not follow its training.

See PILOTS, Page 8

Foreign Minister Picked in China; Pragmatists Get Economic Posts

Compiled by Our Staff From Reuters

BEIJING — Chinese legislators approved a cabinet Wednesday that includes a new foreign minister and places several pragmatic allies of the new prime minister, Zhu Rongji, in key economic posts.

"This is a real vote of confidence from the deputies," a European diplomat said. "It gives Mr. Zhu a free hand to press ahead with painful but vital reforms to the state sector."

Taking over the foreign affairs portfolio is Tang Jiaxuan, most recently a deputy foreign minister, who is an expert on Japan and Asian affairs and speaks both Japanese and English. He is said to enjoy the patronage of the president and Communist Party head, Jiang Zemin.

Mr. Zhu named a corporate chief to lead new economic superministry, sending a signal to ailing state-owned companies that they must prosper or perish. The head of the new State Economic and Trade Commission will be Sheng Huaren, 63, who has been general manager of China National Petrochemical Corp., the country's biggest oil concern, since the early 1990s. (Page 21)

Mr. Zhu's rise and the promotion of like-minded technocrats signals an administration less riven by factional struggles. It also marks China's further passage from the era of rule by revolutionaries whose uncompromising policies were forged in battle and the underground.

"To have gotten so high, they have to be red, but they are professional," said Xiang Jianping, a delegate from Zhejiang Province. "Many were deputy ministers," he said.

At the Foreign Ministry, Mr. Tang, 60, is replacing the popular Qian Qichen, 69, who has served for 10 years. He is credited with reviving China's international image in the years since the 1989 crackdown on students in Tiananmen Square and engineering the growing diplomatic isolation of Taiwan, which China

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U.S. Hopes for Boon As Oil Prices Plunge To Lowest in Decade

By Martha M. Hamilton
Washington Post Service

WASHINGTON — With oil prices dipping below \$13 a barrel, the lowest price in a decade, economists say they could bring an economic boon that would offset some of the pain caused by the Asian economic crisis.

The drop has driven crude oil to its lowest level after adjusting for inflation, since the 1970s energy crisis. Gasoline prices in some parts of the United States have dropped below a dollar a gallon — the lowest inflation-adjusted price ever — and experts say consumers could see the benefits of cheaper oil reverberate through the U.S. economy for months to come. Some experts predict a drop to as low as \$10 a barrel.

"The U.S. consumer and American business benefits greatly from a slide in oil prices and the reduced cost of gasoline, heating fuel, and all of the items and services that are affected by lower oil and energy prices," said Allen Sinai, chief economist at Prudential Decision Economics. "That includes, eventually, the plastic wrappings on items Americans buy in the grocery stores."

"It's a win-win for a country that is a big oil consumer," he said.

The largest Russian oil company, Yukos, noted Wednesday that many oil-exporting countries were not sharing the gains, Reuters reported. "The world oil price decrease, and the refusal of some OPEC members to limit oil production is more dangerous to the Russian economy than the stock crisis in East Asia," Yukos said.

See OIL, Page 8

Newspaper Prices

Bahrain	1.00 BD	Malta	.55 c
Cyprus	€ 1.00	Nigeria	1.000 Naira
Denmark	14.00 DK	Oman	1.250 OR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	£ 0.65	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10 SR
Iceland	IS 520	S. Africa	R12 + VAT
Jordan	1.200 JD	U.A.E.	10.00 Dh
Kenya	£ 1.40	U.S. M.	\$ 1.20
Kuwait	1.700 Dinar	Zimbabwe	Zim\$40.00



By Joseph Fitchett
International Herald Tribune

PARIS — In risking Israeli anger over an official visit to a disputed Jewish settlement in Jerusalem, the British foreign secretary, Robin Cook, pinpointed an exceptionally sensitive issue that is likely to figure in a U.S. push to revive the peace process. British and other European officials said Wednesday.

The furious response of Prime Minister Benjamin Netanyahu — "fanatic overreaction," a British diplomat said — underscored the Israeli government's discomfort in trying to balance domestic pro-settlement lobbies and the possibility that stronger U.S. pressure on the issue is imminent, according to these sources.

NEWS ANALYSIS

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Mr. Netanyahu cut short a meeting and canceled a dinner with Mr. Cook.

An Arab newspaper quoted Bill Richardson, the chief U.S. delegate to the United Nations, as saying this week that Secretary of State Madeleine Albright planned to launch a new initiative in separate talks, perhaps as early as next week, with Mr. Netanyahu and Yasser Arafat, the Palestinian leader.

Israel's state-run television reported

In Rome and Paris, Employers Say 'No'

Plans for 35-Hour Workweek Spark Loudest Dissent So Far

By Alan Friedman
International Herald Tribune

are under growing pressure to switch economic priorities and create jobs.

The Prodi government had been hoping that a successful outcome of the jobs talks would be a further proof of Italy's stability as it attempts to join the single currency. Instead, the rift with employers is likely to prove an embarrassing raise further doubts among critics who think Italy is not ready for monetary union.

"We've said good-bye. We consider this phase of talks at an end," said Giorgio Fossa, president of the business leaders' association. After breaking with the government, Mr. Fossa also announced that the Confindustria might also decide to unilaterally abandon a key 1993 accord that has kept labor costs and Italian inflation down.

In Paris, meanwhile, Ernest-Antoine Seillière, president of the CNPF employers' federation, sent a strongly worded letter to Prime Minister Lionel Jospin calling for the government to delay the introduction of the 35-hour workweek from 2000 until 2002. Mr. Seillière's predecessor, Jean Gandois, resigned in frustration last year over the government's plans to proceed with the workweek cut to 35 hours.

Some 12 people in 100 are now out of work in both France and Italy. Both countries, like much of Western Europe, have made sometimes steep financial sacrifices in their efforts to create a single currency, and their governments

See LABOR, Page 4



Ultimate Fight, Ultimate Defeat

Combatant Dies From a 'No-Holds-Barred' Match in Kiev

The Associated Press

KIEV — Douglas Dudge, who ran a school for fighters, died Wednesday from head injuries suffered during a "no-holds-barred" competition that mixes martial arts, wrestling and boxing, friends and doctors said.

Mr. Dudge, a 31-year-old American, had been hospitalized after collapsing in the ring Monday night during a match that Ukrainian organizers referred to as "ultimate fighting," a controversial sport with few rules.

"We can say that his death was caused by severe injuries to the brain," said Petro Spaschenko, chief emergency-ward doctor at Kiev's Institute of Neurosurgery. "The parts of the brain controlling the fight, Mr. Ray said. Mr. Dudge then stood up, but collapsed a few seconds later and was not breathing.

Mr. Dudge had founded a school to teach the sport in Alabama, said Danny Ray, a close friend who traveled with him to Ukraine for the competition.

The fight that killed Mr. Dudge lasted less than five minutes, said Mr. Ray. On the mat, Mr. Dudge

had taken a series of punches to the head but was still "defending himself well" when the referee called the fight, Mr. Ray said. Mr. Dudge then stood up, but collapsed a few seconds later and was not breathing.

Mr. Dudge was one of three U.S. fighters who participated in the competition, which brought a large crowd to a Kiev arena. The sport is popular in the former Soviet Union, where it is called "battle without rules."

Only a few things are prohibited, such as eye-gouging and kicking an opponent when he is down, one of the organizers of the competition said. Rules can vary slightly from country to country.

In the United States, ultimate fighting is prohibited in some states.

No rules were broken during Mr. Dudge's fight with Yevgeni Zolotaryov, a Ukrainian, said Yuri Smetanin, general director of Club Mizanotto, one of the Ukrainian organizers of the competition.

"We consider his death a tragic accident that disturbs us greatly," Mr. Smetanin said.

German Sports-Drug Trial Poisons East-West Rapport

Abusive Steroid Policy Becomes Political Symbol

By William Drozdiak
Washington Post Service

BERLIN — In the first criminal case involving allegations of steroid use among East German athletes, four swimming coaches and two doctors went on trial Wednesday charged with inflicting bodily harm to young swimmers by secretly giving them performance-enhancing drugs.

German prosecutors say they have gathered persuasive evidence showing the six officials were aware of health hazards in anabolic steroids when they dispensed the tiny blue pills disguised as vitamins to 19 former athletes, all minors.

Lawyers for the defendants said Wednesday that the evidence was inconclusive and urged the court to throw out the case.

Those who went on trial Wednesday include some of the most prominent swimming coaches from the Dynamo Berlin team that produced many Olympic champions. Two of them, Dieter Lindemann and Volker Frischke, were fired by the German swimming federation in October for concealing their connections to past doping scandals. Another coach, Dieter Krause, has quit the sport while the fourth, Rolf Glaser, teaches swimming in Australia.

The defendants face up to three years in jail if convicted. German authorities hope the case will provide a legal foundation for pressing criminal charges against higher-ranking members of the East German sports hierarchy who may have ordered the doping program, including top Communist politicians who until now have escaped prosecution.

The trial has assumed political significance because of the burgeoning social resentment and economic disparity that continue to plague Eastern and Western Germany nearly eight years after the two countries were merged into Europe's largest nation, with 82 million citizens.

Many Easterners, who are saddled with a 25 percent unemployment rate that is more than twice the national average, say they are infuriated by paternal attitudes of Westerners, who scorn them as lazy and ignorant products of a totalitarian culture.

Egon Krenz, East Germany's last president and Communist Party boss, criticized the trial as an unjust exercise in condemning practices of another society. He said he viewed it as another example of persistent arrogance among Westerners toward their Eastern cousins.

"This case is not about drugs in sports; it's much more a prosecution

AGENDA

India Ambiguous On Nuclear Plans

Sending a mixed message about its intentions, the new Hindu nationalist government said Wednesday that it would make India a declared nuclear state, then qualified its position by saying it would "keep the option open."

The "open option" stance seemed similar to the ambivalent approach by previous governments under which India covertly developed nuclear arms while publicly saying it merely wanted the option to build weapons.

The ambiguous declarations on nuclear policy appeared likely to set off a new round of anxiety about a nuclear arms race between India and Pakistan. Page 5.

PAGE TWO
Los Angeles's Eyes in the Sky

EUROPE
Serbian Police Kill an Albanian

Page 4.

The Dollar

New York	Wednesday @ 3 P.M.	previous close
DM	1.8258	1.8189
Pound	1.8712	1.8743
Yen	130.065	128.82
FF	6.1201	8.0985

The Dow

+11.71	8761.70	8749.99
S & P 500		

change Wednesday @ 3 P.M. previous close

+43.82 1084.24 1080.42

Books

Crossword

Opinion

Sports

Pages 22-23.

Sponsored Section

International Education in the U.K.

The IHT on-line www.iht.com

U.K.-Israel Tiff Puts Settlements Back in Spotlight

Eyes in the Sky / Patrolling the City of Angels

The Helicopter: Civic Icon of L.A. in the '90s

By Todd S. Purdum
New York Times Service

LOS ANGELES — When the sun sinks over the Pacific and the freeways fill with cars, when the nightly newscasts start and the bad guys begin to cruise, the big birds rise — two, three, five, a dozen helicopters hovering in the California twilight, trolling for trouble, ready to televise it live.

On balmy evenings, when windows are open, the choppers' thumping rotors fill the air with crisscrossing crackles like the opening credits of "M*A*S*H." Their 30 million candlepower searchlights strafe the bedroom windows of unsuspecting civilians suddenly caught up in police efforts to catch a thief or news crews' efforts to capture the catch.

A juicy freeway police pursuit can fill up a whole local newscast — even preempt half the network news, as one did to Tom Brokaw on NBC two weeks ago. A bar in Hermosa Beach recently offered "Happy hour prices during all car chases," and the helicopter is such a civic icon that the city's Metropolitan Transportation Authority includes a stylized sketch of one among a handful of images that decorate its spiral-paper bus transfers.

"It's definitely the premier helicopter market in the country," said Larry Perret, the news director of KCBS-TV, the local CBS affiliate, which, like almost every other station in town, operates its own helicopter at a cost approaching \$1 million a year.

"The reason is simple: geography. The massive area creates all sorts of logistical problems in terms of coverage of breaking news."

Los Angeles County, at 4,000 square miles (10,400 square kilometers), is roughly four-fifths the size of Connecticut, and the same challenge applies to law enforcement, fire and other emergency services. The Los Angeles Police Department has 16 patrol helicopters and one transport, the largest municipal fleet in the world, compared with just six for the New York City Police Department.

The Los Angeles Police Department pioneered the use of helicopters

A local bar offers happy hour prices during televised car chases.

nationally in 1957, and television stations soon followed suit, offering traffic reports from airborne news crews and coverage of breaking events — in the beginning with camera cables dangling to the ground. In a poignant footnote, Francis Gary Powers, the U-2 espionage pilot who survived the downing of his spy plane by the Soviet Union in 1960, died when he ran out of fuel and crashed as a traffic reporter for KNBC-TV in 1977.

Now the police have forward-looking infrared devices that can detect the slightest movement hundreds of feet below, and the TV crews have microwave transmitters and elaborate gyroscopic camera mounts that cost \$300,000 to \$500,000 each and deliver crystal-clear, jiggle-free pictures.

"It's irresistible," said Jerry Nachman, a longtime news director at local stations in New York and Washington and former editor of The New

York Post who is now a writer here for the late-night talk show, "Politically Incorrect." "They do it better here than anywhere else. The pilots and airborne reporters really know their onions. They do it more here than anywhere else, with New York coming up fast."

The technology is so irresistible, in fact, that some broadcast news veterans complain that it has all but supplanted other kinds of coverage, as stations pare their reporting staffs to help finance the helicopters, which cost about \$600 an hour to fly. Mr. Perret, the KCBS news director, said that his station made a concerted effort to save helicopter coverage for the big events, but he readily acknowledged that the ratings had been known to double in as little as 10 or 15 minutes during a big chase.

"I think it's grossly overdone now," said Pete Noyes, who was managing editor of KNBC here before retiring in 1992 and had held similar senior posts at other stations. "When it's worthwhile, a riot or a big event, then it should be used. But a couple of years ago there was a murder in a parking lot in a shopping center in Torrance, and they sent a cop to shoot it and it was just this little stick figure lying on the ground."

For the police, the choppers are an invaluable tool, enabling them to cover in mere minutes distances that could easily take an hour or more on clogged surface streets, and to spot hazards officers on the ground cannot see. When a patrol car can no longer safely chase a fleeing suspect through crowded streets, a chopper can.

"We can paint a picture for them like Vin Scully calling a Dodger game," said John Harrell, a pilot in the police department's air support division, as he nationally in 1957, and television stations soon followed suit, offering traffic reports from airborne news crews and coverage of breaking events — in the beginning with camera cables dangling to the ground. In a poignant footnote, Francis Gary Powers, the U-2 espionage pilot who survived the downing of his spy plane by the Soviet Union in 1960, died when he ran out of fuel and crashed as a traffic reporter for KNBC-TV in 1977.

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and his tactical support partner, Ken Philippe, dipped and bobbed high over Hollywood in tight precision for a reporter's benefit one recent afternoon.

The police often work in tandem with the news crews, and California Highway Patrol officers routinely provide expert running commentary with the news anchors during big chases, but sometimes all the airborne traffic itself becomes a problem.

"Flying paparazzi," said Mr. Harrell, whose record was 11 helicopters and two airplanes hovering around him during a car chase.

Still, Bob Petree, a Vietnam veteran who is one of the city's most experienced pilots and has flown for KNBC since 1983, said pilots worked together, in a professional association and in the air, to avoid mishaps. "It may look chaotic when you see a chase coming down the freeway," he said, "but I assure you, it's choreographed."

MOST STATIONS have copters airborne for several hours for morning traffic reports and at the ready at other times. But in the TV ratings sweeps periods, they stay aloft during all regularly scheduled news programs, ready to break in.

On Feb. 10, a man accused of driving a stolen pickup truck led the highway patrol — and an armada of news choppers that transmitted it live — on a two-hour chase through southern Los Angeles, running lights, bumping into cars and hijacking a van after one of his tires went flat before finally smashing the van into a freeway divider. Law enforcement officials say that no such fleeing suspect has eluded eventual capture when copters are in pursuit.



Natalie West

But Kenneth Brooks, executive director of the California Council for Veterans Affairs, a private nonprofit group that aids veterans, said his organization did not get any particular noise complaints from veterans.

"The only ones complaining are the homeowners," said Mr. Brooks.

"People want to call the police and complain," he added, "but then they're afraid they won't get good service, and they want that even more."

Plot Thickens Over ANC Rebel's Arrest

By Lynne Duke
Washington Post Service

JOHANNESBURG

The case of a senior South African foreign affairs official who was arrested and accused of arms trafficking has taken a sinister turn as the police have begun investigating a military intelligence report of possible links between the official and a plot against President Nelson Mandela's government, a senior police official said.

The arrest of the official, Robert McBride, in Mozambique last week has stunned South African political, law enforcement and diplomatic circles. Because there is scant official information about the details of the case, whispered and published speculation has exploded about Mr. Mc-

Bride's possible involvement in crime syndicates or spy rings, including reports that he has become a victim of revenge for his past in the guerrilla movement against apartheid, the system of racial separation under white rule.

There was official word on Tuesday that even an anti-government plot had emerged as a possibility.

Pending an investigation, Mr. McBride was suspended from his post as a director of the Southeast Asia desk of the Department of Foreign Affairs.

A simultaneously celebrated and hated saboteur in the anti-apartheid fight waged by the now-governing African National Congress, Mr. McBride was sentenced to death, subsequently commuted to life imprisonment,

for the 1986 bombing of a Durban beachfront bar in which three people were killed.

In 1992, during negotiations to end apartheid, the South African Police Service, who also met the Mozambicans, told the news media that the evidence against Mr. McBride suggests a solid case. Mr. McBride has not yet been charged with a crime.

In an interview, Mr. Britz said he now had a classified report from the South African military intelligence service that contains "a lot of information concerning McBride" and raises the possibility of an anti-government plot. Another police official confirmed the existence of the report, but neither official would divulge details.

The investigation into Mr. McBride's arrest March 9, coupled with the government's uncoordinated response, has sparked a run of published conspiracy theories.

They range from suggestions of a disinformation campaign to discredit the government to suggestions that Mr. McBride could have been involved with such far-flung causes as the Irish Republican Army or East Timorese rebels. There has been speculation that he was part of an arms network supplying the perpetrators of a rash of deadly armored car heists on South African roads.

Senior ANC and government officials have distanced themselves from Mr. McBride. After meeting with Mozambican officials Monday in the capital, Maputo, where Mr. McBride is jailed, Safety and Security Minister Sydney Mufamadi said the

evacuated by emergency chutes from the British Airways jet, Flight BA 7783 from Southampton to Manchester and Belfast. One person reported minor ankle injuries.

Flights were diverted to Leeds-Bradford airport and Liverpool.

Manchester's Airport Disrupted

REVIVED by emergency chutes from the British Airways jet, Flight BA 7783 from Southampton to Manchester and Belfast. One person reported minor ankle injuries.

Flights were diverted to Leeds-Bradford airport and Liverpool.

Correction

In the March 13 Special Report on Fashion, Issey Miyake's age was incorrect. He is 59.

Executive Education

Ticket box

1. GLASGOW Univ.
2. Heriot Watt University
3. Schiller International University
4. University of Bath

Colleges & Universities

5. American College in London
6. Richmond, the American Int'l University/London
7. Schiller International University (Pre-Medicine)
8. University of London

Day & Boarding Schools

9. American School in London
10. Marymount International School
11. Southbank International School
12. TASIS
13. Woldingham School

Language Schools

14. Centre for International Education
15. Sels College

Summer Schools & Camps

16. Camp Beaumont
17. Centre for International Education
18. University of Cambridge

Art & Design

19. Sotheby's Institute

Test Preparation Centers

20. KAPLAN

Name:	____
Home Address:	____
Job Title:	____
e-mail:	____

19-03-98

In this Friday's

Leisure

The Car Column



Land Rover Freelander XE3i

TRAVEL UPDATE

Snow Covers Northern Israel

JERUSALEM (AP) — Deep snow blanketed Jerusalem and northern Israel on Wednesday, paralyzing public transportation and closing schools.

News reports said that more than 46 centimeters (18 inches) of snow fell in the Golan Heights and Galilee. In Jerusalem, about 8 centimeters closed the mountain road that climbs up to the Holy City, cutting it off from metropolitan Tel Aviv.

Snow also covered the Palestinian-governed towns of Ramallah and Bethlehem, and Israel offered the Palestinian Authority help in clearing roads. The offer was turned down.

China Eastern Airlines announced that it would begin Shanghai-Paris flights on July 7, with two flights a week until September. When it will add a third flight, Xinhua said.

the capital of the former Yugoslav republic of Macedonia. The first train will run April 9, the Greek Rail Organization said.

Shanghai-Paris Flights Starting

BEIJING (AFP) — Air France announced in Shanghai that it would resume flights from that city to Paris beginning May 22. Two flights a week are scheduled until September, when it will add a third flight, the Xinhua press agency reported.

China Eastern Airlines announced that it would begin Shanghai-Paris flights on July 7, with two flights a week until September. When it will add a third flight, Xinhua said.

The French national railroad will accept reservations via the Internet starting this summer. Although passengers will still have to go to a railroad station to pay for the tickets, seats can be reserved at www.sncf.fr. (IHT)

WEEKEND SKI REPORT

Resort	Depth	U	Mtns	Pistes	Res.	Runs	Snow	Last	State	Snow	Comments
Andorra Soldeu	70	120	Good	Open	Ver	123	All 800 ft., good skiing, soft snow				
Austria											
Innsbruck	20	140	Good	Some	Pedr	150	good skiing on all forest runs				
Kitzbuhel	90	150	Good	Open	Var	180	1000 ft. up, great midweek piste				
Lach	90	140	Good	Open	Ver	170	all mts open, generally excellent				
Mayrhofen	90	100	Good	Closed	Pedr	160	2900 ft. s., good skiing overall				
Oberjurgl	50	160	Good	Open	Var	170	all mts open, good skiing				
Saalbach	50	120	Good	Open	Var	170	all mts open, good skiing				
St. Anton	30	220	Good	Good	Var	170	all but lowest mts open, good skiing				
Canada											
Lake Louise	85	130	Good	Open	Var	170	all 11 mts open, 15cm new snow				
Whistler	80	210	Good	Hard	Var	170	all 800 ft. up, generally good				
France											
Alpe d'Huez	85	200	Good	Open	Var	125	7000 ft. open, good spring skiing				
Arc 14000	85	150	Good	Open	Var	125	very good but some areas slush				

THE AMERICAS

Publisher Loses Interest In Willey Book Project

Accusation Against Clinton Is Called a Switch

By Brian Knowlton
International Herald Tribune

WASHINGTON — A publisher said Wednesday that he had lost interest in a book proposal from one of President Bill Clinton's accusers because the televised account she provided this week told "a different story" from what her lawyer had described months earlier about her relationship to the president.

Meanwhile, although opinion polls showed Mr. Clinton's job-approval ratings unchanged by the allegations from Kathleen Willey, a former White House volunteer, of unwanted sexual touching by the president, there were new signs that many women found her credible and were losing patience with Mr. Clinton.

"People are taking these allegations very seriously," Susan Collins, a first-term Republican senator from Maine, said yesterday.

Mrs. Willey, a Democratic Party activist, broke a long silence Sunday to allege before millions of television viewers that Mr. Clinton fondled her breasts and placed her hand on his genitals in a meeting on Nov. 29, 1993. He has denied doing so.

Clinton defenders, trying to counter the impact of Mrs. Willey's dramatic appearance, had suggested that she sought to profit from a book deal about her time in the White House.

The publisher who was contacted months ago by her attorney said Wednesday that her appearance on the CBS News program "60 Minutes" did not help the case for a book.

"The Kathleen Willey presented on '60 Minutes' was a different person with a different story than the portrait that had been painted for me in the last couple of months," said Michael Viner, president of New Millennium Press in Beverly Hills, California.

Mrs. Viner said Mrs. Willey's lawyer, Daniel Gecker, had approached him earlier, seeking \$300,000 for a book that presented her as "a fan, a friend who cared about President Clinton."

"It was more of a story of her life," Mrs. Viner said. By Sunday, he added, "The story had changed. It was not the same set of facts we were presented with."

He did not say, however, that Mr. Gecker had offered a version of Mrs. Willey's encounter with Mr. Clinton that differed from her televised account.

Mr. Gecker has acknowledged having held talks with Mr. Viner about a book and told *The New York Times* that Mr. Viner had said the "60 Minutes" appearance could arouse interest in such

a book. Mr. Viner told *The Times* that he and Mr. Gecker had spoken about a deal that would include a \$100,000 advance.

But he said he had lost interest now in a Willey book. "It would have to be something that's so compelling," he said, "and it's not that piece of lightning in a jar."

Robert Bennett, Mr. Clinton's private lawyer, suggested Sunday on television that Mrs. Willey might have appeared on "60 Minutes" to profit from her accusations against the president. She had not made the charges publicly, though they were reported last summer by *Newsweek* magazine.

The White House has sought to discount the "60 Minutes" account. Aides noted that in her Jan. 11 deposition in the Paula Jones sexual harassment case, she referred to the *Newsweek* story of last summer as "garbage."

The *Newsweek* account reported that Linda Tripp, a former executive assistant in the White House counsel's office, said she had encountered Mrs. Willey in the White House shortly after Mrs. Willey's meeting with Mr. Clinton in November 1993.

Mrs. Tripp said Mrs. Willey spoke of having been kissed and fondled by Mr. Clinton. But Ms. Tripp added that Mrs. Willey appeared "happy and joyful."

Not long afterward, Ms. Tripp began tape recording her phone conversations with Monica Lewinsky, apparently angered that Mr. Bennett had attacked her credibility.

Mrs. Willey appeared last week before the grand jury investigating allegations that Mr. Clinton had an affair with Ms. Lewinsky, a former White House intern, then asked her to lie about it. The president has adamantly denied the accusations.

Opinion polls taken a day after the Willey television interview showed Americans evenly split on whether they believed her account or Mr. Clinton's denials.

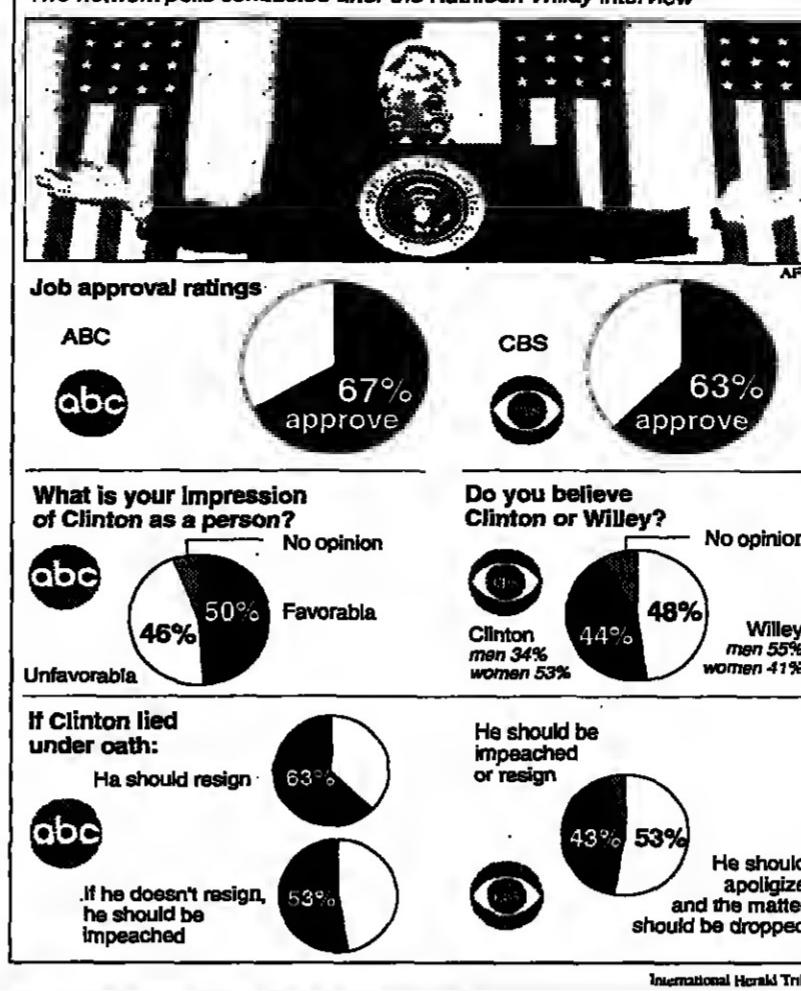
Feminists have supported Mr. Clinton because of his backing of abortion rights and his stance on child care and other issues. Women's electoral support contributed to the 17 percent "gender gap" that re-elected Mr. Clinton in 1996.

But there have been signs of slippage and criticism after the Willey appearance, and not only from Republicans.

"The accusation is very serious," said Stephanie Cohen, communications director of Emily's List, which raises money for women Democratic candidates. "It was a credible account and it's very disturbing. It makes you very uncomfortable."

Clinton's Handling of the Presidency

Two network polls conducted after the Kathleen Willey interview



Americans Keep Heeding Call to Go West (and South)

Census Data Portend Shift in Political Balance

New York Times Service

WASHINGTON — The Northeast and the Midwest are continuing to lose ground to the booming growth centers of the South and West, according to a new census report, a development inexorably shifting the nation's political and economic might.

"What we're seeing is the Northeast and Midwest losing its political clout," said Dick Munson, executive director of the Northeast-Midwest Institute, a bipartisan research organization for members of Congress. "The leadership of this Congress is decidedly Southern. And they are doing a pretty good job of getting dollars for their states."

The survey of population changes in the nation's 3,142 counties showed that while the nation grew by an estimated 0.9 percent last year, the Northeast's population increased by only 0.2 percent and the Midwest by 0.6 percent. At the same time, the West's population grew by 1.6 percent and the South by 1.3 percent.

The list of the nation's fastest-growing larger counties from 1990 to 1997 graphically demonstrates the shift to the South and the West. The first three slots were held by communities just south of Denver, where the sprinting growth of high-tech industries and the charm of Rocky Mountain living has attracted a flood of transplants from California and the East.

The statistics also have broad implications for each state's internal politics. Significant growth in metropolitan regions' suburbs will give them increasing power in state legislatures and over gubernatorial elections.

But at the other end of the spectrum, the list of counties that lost the most population since 1990 was laden with Northeastern urban areas, including Philadelphia, which was at the top; Hartford, Connecticut, and two boroughs of New York City, Brooklyn and the Bronx. New York City's population grew overall by 0.2 percent, however, because of growth in the three boroughs, Manhattan, Staten Island and Queens.

The political implications of the Census Bureau's new report, which was based on estimates of population growth, are potentially immense.

A broad range of federal policies are based on census statistics, from apportioning seats in the House of Representatives to allocating federal funds for hundreds of programs.

The report, made public on Tuesday, offers the closest thing to a preview of the national census in the year 2000, which is intended to be the most accurate accounting of the nation's population. As such it foreshadows losses in federal aid and congressional seats for the Northeast and Midwest come the new millennium.

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POLITICAL NOTES

Republicans' Choice Loses Illinois Primary



Doug Mills/The Associated Press
AT THE BALL GAME — Monica Lewinsky, reacting to a missed shot Tuesday at an NBA basketball game in Washington.

CHICAGO — Peter Fitzgerald, a conservative Republican who tapped into a family fortune to finance his maverick congressional campaign, has defeated the Republican Party's hand-picked candidate, a moderate whom party officials across the United States were counting on to retake the U.S. Senate seat from a Democrat, Carol Moseley-Braun. Ms. Moseley-Braun is considered vulnerable because of first-term controversies.

On Tuesday, voters in the Illinois Republican primary nominated Mr. Fitzgerald, a 37-year-old state senator who opposes abortion and gun control and who spent nearly \$7 million on television ads. The nomination is a blow to the moderate wing of the Republican Party, whose leaders believe that a conservative cannot win a statewide race.

Illinois Republican leaders had pinned their hopes for winning their first Senate election in two decades on the state comptroller, Loleta Didrickson.

But despite endorsements from Jim Edgar, the popular Republican governor of Illinois, Bob Dole, the Repub-

lican presidential nominee in 1996, and others on her behalf, Ms. Didrickson was unable to beat back the challenge from Mr. Fitzgerald. (WP)

A Spending Blueprint

WASHINGTON — The chairman of the Senate Budget Committee has proposed a Republican fiscal blueprint for next year that rejects nearly all of President Bill Clinton's calls for increased domestic spending but provides smaller tax cuts sought by many Republicans.

The proposal from Senator Pete Domenici, Republican of New Mexico, is the first detailed Republican budget plan this year and appeared likely to be adopted more or less intact by the committee this week over Democratic op-

position. If approved by the full Senate, it would serve as the chamber's broad tax and spending guideline as it con-

fronts the first federal budget surpluses in a generation and begins grappling with the long-term financial crisis facing Social Security and Medicare.

The plan calls for federal spending of \$1.73 trillion, an increase of 3.6 percent over this year, but turns aside White House proposals for education, child care and health care initiatives. (NYT)

Quote/Unquote

Back after serving 13 months in prison and two years in a halfway house for mail fraud in the operations of his House office, Dan Rostenkowski, one of the most influential Democratic law-

makers of his generation, is trying, at age 70, to salvage his public image: "I'm not going to be the biggest lobbyist in the world, nor the biggest celebrity out of prison in the world. The last thing I want to do is to become controversial." (NYT)

Away From Politics

Brooklyn, long associated with violence, gangs and drug trafficking, went a whole week without a single murder for the first time in memory, from March 8 to March 15, the police in the New York City borough said. (Reuters)

There is now a single federal task force investigating three bombings in Atlanta, including the July 1996 attack at Centennial Olympic Park, and the bombing of a Birmingham, Alabama, abortion clinic bombing, all in the last two years. The task force succeeds one that had been looking into whether Eric Rudolf, who is charged with the Birmingham bombing, might be responsible for the attacks in Atlanta. (AP)

A Christmas ornament addressed to Hillary Clinton at the White House was blown to bits by a bomb squad in Malvern, Arkansas, which was called to examine the package after it was dropped off at city hall by a woman who ran off after leaving the ornament, a handmade angel. (AP)

Two brothers were convicted of murder and other charges in an attack on three teenagers who hopped a freight train in the suburbs of Flint, Michigan, and mistakenly got off in a bad neighborhood, where they asked for help finding a pay phone last June. One of the victims, a boy, was killed. A girl in the group was sexually assaulted. (AP)

Murders by intimates — current or former spouses, boyfriends or girlfriends — have dropped 36 percent in the last two decades, to 1,842 in 1996 from 2,957 in 1976, the Justice Department reported, but the proportion of women killed in such circumstances has gone up substantially. (WP)

AMERICAN TOPICS

In Nebraska, the Good Life

When thousands of Americans, beginning in the 1840s, followed the Oregon Trail through Nebraska to the rich farmlands of Oregon, few willingly stopped to settle on the way. One explorer had called Nebraska "almost wholly unfit for farming." Many who did stay built houses of ad — "Nebraska marble," they called it — because there were so few trees.

But free land offered under the Homestead Act was a powerful lure, and the Union Pacific railroad recruited settlers from the East and even Europe. Still, most of Nebraska remained sparsely settled.

That might change a hit, as small towns like Verdigris market themselves with some success as retirement havens. Just ask Pat McCarron, a retiree from Chicago who was smitten during an autumn trip through the Nebraska plains and decided to stay. "I've got a big old house, a big wooded lot, a garden," he said. "I have a lot of friends that I hang out with at the cafe. It's wonderful here. I'm in heaven."

Experts on aging say that the low-cost living in an unattractive house can be

With Canada's Future at Stake, Can a Politician Say 'No'?

By Howard Schneider
Washington Post Service

TORONTO — What Jean Charest wants to be is Canada's prime minister. What he is being asked, lobbied, pressed and begged to do is switch political parties, abandon the national stage for provincial politics in Quebec and tap his considerable popularity there to try to defeat the province's separatist premier in the next local election.

Mr. Charest's decision appears to leave the future of Canada in the hands of a politician whose youth, ambition and charisma on the stump have led to comparisons with President Bill Clinton.

His election in Quebec would eliminate the chance of another separatist referendum for the years he governed the province. And those most enthusiastic about the idea say that the son of French- and English-speaking parents — fluent in both official lan-

guages and passionate about Quebec — could even reshape opinion among many of the French-speaking Quebecers who want to form their own country, and thus unify Canada once and for all.

It is a big idea that carries big risks — chief among them, losing to Premier Lucien Bouchard. Even if Mr. Charest, 39, won, he would be trading his dream of running the country for the grind of administering a provincial government and trying to quell the separatist challenge.

On the other hand, the fever in Canada is running so high for Mr. Charest to beat Mr. Bouchard that to refuse the challenge could be politically ruinous. From call-in shows to constituents, from people on the street to Prime Minister Jean Chretien, Mr. Charest has been beset with pleas to save the country.

"The guy is always faced with these big, huge de-

cisions," said his spokeswoman, Rita Mezzanotte, but this latest "is quite a ton of bricks."

The move would force him to abandon his party and his national political plans, she said, as well as uprooting his wife and children from a newly purchased home in Ottawa, the federal capital.

It would be a tough town for him to leave. After the disastrous showing for the Progressive Conservatives under Prime Minister Kim Campbell in the 1993 elections, Mr. Chrest took over a party that had only two seats in the House of Commons. His goal has been to restore the party to its historic place as the chief alternative to Mr. Chretien's Liberal Party, combating what he views as the excessive conservatism of the more union-based Reform Party while positioning himself as a future prime minister.

He has made some progress. Mr. Chrest's party won 20 House of Commons

seats in the last election.

Whether his present circumstance is viewed more as an opportunity or a predicament, simply being viewed as the best hope to lead Quebec's Liberals against Mr. Bouchard says a lot about both Quebec politics and the state of what Canada calls its national unity debate.

That he might switch parties to undertake this challenge is not surprising. Quebec has no provincial Progressive Conservative party, the local politics there are divided between the Liberals and the Parti Quebecois, which have alternated in power since the late 1960s. Philosophically, it is not a large leap for Mr. Chrest to move from the modest conservatism of his national party to the Quebec Liberals.

What is remarkable is how much of Canada's political landscape can hinge on one person's career choices and how ill-prepared both the

provincial and federal Liberals seem to be to challenge Mr. Bouchard.

After the 1995 referendum on Quebec's future went down to narrow defeat, the next provincial election naturally was regarded as a precursor to another sovereignty plebiscite. A victory by Mr. Bouchard would give the sovereigntists momentum, as well as an incentive to move quickly, while he remained in office.

The previous head of the Quebec Liberal Party, Daniel Johnson, was long recognized as a mediocre and not very popular politician. Doubts about his leadership grew recently as polls showed him trailing Mr. Bouchard by more than ever, with an elec-

tion call expected as early as this spring.

Unexpectedly, Mr. Johnson quit. But what has followed looks less like a leadership race than an attempted coronation. No other candidates were in position, or have since stepped forward, to take over the party that is Quebec's main alternative to Mr. Bouchard and the separatists.

"People are saying Jean Chrest has to save the country," Ms. Mezzanotte said. "His answer is that he believes in leadership, not savors."

"He believes there is a lack of leadership in Ottawa," she added. "If suddenly the leader of the Liberals resigns and there is only one guy, to credibly challenge Mr. Bouchard,

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Serbian Police Kill Albanian in Kosovo as U.S. Envoy Protests*Compiled by Our Staff From Dispatches*

PRISTINA, Yugoslavia — Serbian policemen shot and killed an ethnic Albanian demonstrator Wednesday as the U.S. Balkans envoy, Robert Gelbard, accused Serbian authorities of "outrageous acts" of intimidation and violence in the province of Kosovo.

Mr. Gelbard, in Pristina to meet ethnic Albanian political leaders demanding independence from Serbia, warned President Slobodan Milosevic of Yugoslavia that "serious and biting sanctions" in punishment for the Kosovo dispute were getting closer.

Strobe Talbott, the deputy U.S. secretary of state, drove home Washington's message during a visit to Bulgaria, where he accused the Serbs of ethnic cleansing and summary executions in Kosovo.

About 40,000 Albanians staged a peaceful demonstration in Pristina, the capital of Kosovo, on Wednesday, calling for an end to police violence and independence for the province, but there were no incidents.

The Kosovo Information Center, which is operated by Albanians, said that police bullets killed one man and seriously wounded five in the western town of Pec during protests that were called across Serbia's southernmost province to greet Mr. Gelbard.

Mr. Milosevic has until Thursday to meet demands by the Contact Group of international overseers to make progress with the Albanians after bloodshed this month cost at least 80 lives in fighting with Serbian police.

The Contact Group has threatened Yugoslavia with tighter sanctions if peace talks do not start.

Earlier Wednesday, the Albanians rejected the latest of a series of invitations to confer with Serbian officials, insisting that they were prepared to discuss only independence and wanted an outside mediator. Both demands were rejected by Belgrade.

The French and German foreign ministers, Hubert Vedrine and Klaus Kinkel, will fly to Belgrade Thursday in an effort to wring a compromise

from Mr. Milosevic before the Contact Group deadline expires. In addition to France and Germany, the Contact Group comprises Italy, the United States, Britain and Russia.

According to French diplomats, the two foreign ministers may offer Serbia cooperation agreements in return for concessions on Kosovo.

"We are going to work with NATO and make sure that all instruments available to us to shore up the region of this conflict are used," he said.

"But the issue of further deployment of NATO forces has not arisen."

He said the Contact Group "pushed very hard for a meaningful constructive dialogue between the Kosovar Albanians and Belgrade."

"But it is also calling on Belgrade to cease its brutal repressive campaign, which involves ethnic cleansing, summary executions and mass expulsions," he said.

At least 80 ethnic Albanians have been killed in a Serbian crackdown that started Feb. 28 against what Belgrade regards as terrorist secessionist groups.

(Reuters, AP, AFP)

(185 miles) west of Sofia. He indicated that Washington was ready to impose more sanctions against Yugoslavia if it did not open dialogue with Kosovo's ethnic Albanians but said that the United States had not considered deploying more North Atlantic Treaty Organization troops in the region.

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(Reuters, AP, AFP)

Papon Placed His Ambition Above Morals, Court Is Told*Reuters*

BORDEAUX — Maurice Papon, the former Vichy official who is accused of crimes against humanity during World War II, was an ambitious and brilliant bureaucrat whose career came before all moral considerations, a state prosecutor told a French court Wednesday.

Marc Robert, delivering his final argument before the verdict in the nearly six-month trial, depicted Mr. Papon as a cold-blooded administrator ready to carry out the Vichy government's anti-Semitic laws to get ahead.

"Maurice Papon belonged to a generation of civil servants for whom good work came before anything else," Mr. Robert said. "Civil servants who were brilliant and efficient, but had no second thoughts about their actions." He described such people as "without moral values, and for whom everything was technical."

"Maurice Papon wanted to rise to the top fast and at any price," he added.

Mr. Papon, 87, is accused of ordering the arrest for deportation of 1,560 Jews, 223 of them children, from 1942 to 1944, when he was secretary-general of the prefect's office in the Bordeaux region and supervisor of its Service for Jewish Questions.

Mr. Robert noted that Nazi officials in Bordeaux wrote enthusiastic evaluations of Mr. Papon twice in 1943, describing him as "a talented administrative specialist who supports Philippe Petain and Pierre Laval," the leader and prime minister, respectively, of the collaborationist French regime. "Can be trusted," the reports added.

Mr. Papon denied the charges against him and said he spent the war saving Jewish lives and helping the Resistance to the occupying Germans.

But Vichy offered him the powerful prefect's job in other areas of southwest France three times in two years, all of which he turned down, Mr. Robert said. This, he continued, showed that Vichy's leaders appreciated Mr. Papon, his merits and his devotion to Vichy enough to offer him positions of responsibility.

The second state prosecutor will deliver his final statement on Thursday before asking for a sentence.

Lawyers are divided over how severe a sentence the jury should be asked to give Mr. Papon, with some asking for life in prison and others believing he deserves a mitigated sentence to stress the difference between the Germans and someone who simply signed orders to climb Vichy's ladder.

Mr. Papon's lawyer, Jean-Marc Vautour, said he believed his client could be acquitted if the jury refused to go along with what Mr. Vautour said was an attempt to place "collective guilt" on his client's shoulders.



A LIGHT MOMENT — Prime Minister Lionel Jospin of France, left, sharing a joke Wednesday with Finance Minister Dominique Strauss-Kahn and the government's spokesman, Catherine Trautmann, after a meeting. A slight reshuffle of the French cabinet is expected within two weeks, officials said.

Pope Calls for More Dialogue With Jews*Reuters*

VATICAN CITY — Pope John Paul II, in his first public comment after many Jews criticized a landmark Vatican document on the Holocaust, said Wednesday that he hoped the Jewish-Roman Catholic dialogue would continue in trust.

"I hope and pray that our inter-religious dialogue will continue in a climate of renewed openness and trust," the Pope said in English at his general audience.

The Pope, 77, was addressing a joint American Catholic-Jewish delegation that visited Israel and Rome.

His comments were his first in public on Catholic-Jewish relations since the document, "We Remember, a Reflection on the Shoah," was issued on Monday.

The document was an apology and "mea culpa" for individual Catholics who failed to help Jews persecuted by the Nazis. But it fell far short of satisfying most Jews, many of whom said the document was too little, too late.

It left Jews bitter and divided on the effect it may have on their relations with Catholicism. Some called it a step backward.

Jews were particularly angered that the document defended Pope Pius XII against accusations he did not do all he might have to stop the Holocaust.

They were also critical of what they said was the failure to address the church's preaching of anti-Jewish contempt for centuries, which they said had made the ground fertile for the worst incarnation of anti-Semitism.

Vatican sources said the Pope was keen that differences over the document could be overcome quickly so a dialogue between the two religions, which has made important strides in the past 35 years, could continue.

The Pope, who lived through the Nazi occupation of his native Poland, has made improving relations with Jews a main goal of his 20-year-old pontificate.

He was the first Pope to visit the sites of concentration camps, the first to enter and preach in a synagogue, and he guided the Vatican to diplomatic relations with Israel.

Only a handful of Jews have directly criticized the Pope over the 14-page document, which was written by the Vatican's Commission for Religious Relations with Jews.

Some, including Tullia Zevi, president of Italy's Jewish communities, said the document showed that the Pope was perhaps more advanced than his aides.

"I think you detect the fact that the Pope is more advanced than the Curia, just like some national Catholic bishops conferences are more advanced than others," Miss Zevi said. The Curia is the central Vatican administration.

She was referring to a statement last September by French bishops, who apologized to Jews for the church's silence about the deportation of 76,000 Jews from France to Nazi death camps.

■ Europe Rabbis See 'First Step'

A conference of European rabbis in Prague said Wednesday that it was disappointed by the Vatican's statement on the church's role in the Holocaust, but

cooperated that it was a "first step," Agence France-Presse reported.

In a statement published Wednesday, the conference of 17 rabbis warned that the declaration could "undo the long centuries of oppression, the Inquisition and the persecution which culminated with the Holocaust."

But it added that while dismayed by the Vatican's failure to "accept responsibility for the ceteries of persecution of the Jewish people, we recognize the significance of this declaration as a first step in the right direction."

One of the conference participants, Alain Goldman, a high-ranking rabbi in Paris, said that "it was never too late" for church officials to "make good" on the declaration.

Fraud Menaces Armenia Vote, Observers Say

The Associated Press

YEREVAN, Armenia — Serious voting violations marred the presidential elections in Armenia and could invalidate the final result if they are repeated in the runoff, international monitors said Wednesday.

Prime Minister Robert Kocharian and Karen Demirchyan, the country's Soviet-era Communist Party boss, received the most votes in the election Monday and face a runoff on March 30. With 93 percent of the vote counted Wednesday, Mr. Kocharian had 39 percent and Mr. Demirchyan had 32 percent. Ten other candidates took part, but none won above 12 percent of the vote.

Election fraud is a volatile issue in Armenia. In the last presidential election, in 1996, riots broke out after it appeared that the ballot had been rigged to re-elect Levon Ter-Petrosyan. Mr. Ter-Petrosyan resigned in February.

International monitors said violations appeared to be smaller and uncoordinated this time, but that the voting process still fell short of Western standards.

The largest group of observers, from the Organization for Security and Cooperation in Europe, reported "significant violations" in 15 percent of precincts, including ballot box-stuffing and the presence of undercover government agents in polling stations.

But the delegation's chief, Sam Brown, said the top two candidates polled so much higher than the rest of the field that the violations could not have affected the outcome. Still, if problems persist in a close runoff, he warned, "it would be impossible" for companies to introduce the 35-hour week by the year 2000.

The French business leader also stressed that a large majority of French companies were "vigorously opposed to a general reduction on a fixed date in the legal working week to 35 hours." He said the move would undermine company efficiency and competitiveness and would fail to create jobs.

Proponents of legislation that would force a reduction of the working week argue that it will create more jobs because companies will have to hire more workers. They also argue that a 35-hour week will create better productivity among workers. Critics of the idea say that companies will not hire more workers to compensate for a shorter work week, but will suffer increased labor costs because of the need to pay overtime.

Some business leaders and many

economists have also warned that France and Italy will become less attractive locations for investment as a result of the laws, and thus unemployment will rise, not fall. "I find this worrying," said Julian Jessop, a senior economist at Nikko Europe in London.

"Most people accept that increased labor flexibility is needed to reduce unemployment. Now the Italians are following the bad French example of reducing labor market flexibility."

Mr. Jessop said the plans to go ahead with the law in Italy were "ironic because just at the time when Italy is about to benefit from monetary union, they are throwing away the benefits." He said the measure would "make it less attractive for firms to locate in Italy just at the time when EMU should be making it more attractive."

Ken Wainright, an economist at Paribas, said, that in France, this is clearly the most explicit opposition to the government's proposals that we have seen so far." But he noted that it was unlikely that Mr. Jospin would back down since the 35-hour week was "an explicit promise by the Socialists in last year's election campaign."

Mr. Wainright recalled that in Italy the reduced workweek was part of a series of promises made in October by Mr. Prodi to the far-left Refounded Communist Party, which had threatened to topple the government. "The Prodi government seems committed to the measure, but how deep that commitment runs is hard to measure."

BRIEFLY

Nazi Convict's Move Upsets Italian Town

ROME — A military court on Wednesday ordered a former Nazi convicted of a wartime massacre to serve out his life sentence under house arrest in the town where Pope John II spends his summer vacation.

The court's decision to transfer Karl Hass, 86, a former SS major, to a nursing home in Castel Gandolfo, south of Rome, drew criticism from the town's mayor and residents. Mayor Luciano Toti said, "Castel Gandolfo hosts the Pope, and it's a town of peace and serenity."

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ASIA/PACIFIC

A Mixed Nuclear Message**New Indian Government Ambiguous on Arms**

By John F. Burns
New York Times Service

NEW DELHI — India's new Hindu nationalist government released an agenda Wednesday saying that it would "induct nuclear weapons" into India's military arsenal, then almost immediately qualified its position by saying that it planned to "keep the option open" much as previous governments have done with an undeclared nuclear weapons program over the past 25 years.

The ambiguous declarations on nuclear policy appeared likely to set off a new round of anxiety about a nuclear arms race between India and Pakistan, which has its own covert program to develop nuclear weapons. In recent years, the United States has made strenuous efforts to persuade the two countries to eliminate their nuclear arsenals.

The commitment on nuclear weapons provided a striking counterpart to the main thrust of the "national agenda for governance" that was released at a news conference by Atal Bihari Vajpayee, leader of the Hindu nationalist Bharatiya Janata Party, who was to be sworn in as prime minister Thursday morning.

Apart from an abortive 13-day government that Mr. Vajpayee headed in 1996, it will be the first time in India's 50 years of independence that the Hindu nationalists have headed the government.

In a compromise with 14 smaller parties that have joined the Hindu nationalists in a ruling coalition, the new government's agenda omitted virtually everything in the Hindu nationalists' program that has caused anxiety among India's 120 million Muslims and among lower-caste Hindus who have been suspicious of the upper-caste origins of Hindu nationalism.

For instance, the agenda did not include the nationalists' longtime goal of depriving the state of Jammu and Kashmir, the country's

only Muslim-majority state of its special status under India's constitution.

But the conciliatory approach did not extend to the nuclear weapons issue, or to a wider commitment to improve morale and combat effectiveness in India's armed forces, which are mostly equipped with aging Soviet military equipment.

"To ensure the security, territorial integrity and unity of India, we will take all necessary steps and exercise all available options," the agenda said. "Towards that end we will re-evaluate the nuclear policy and exercise the option to induct nuclear weapons."

The pledge to make India a declared nuclear weapons state has been a long-standing part of Hindu nationalist doctrine. Political debate here has largely centered on whether India should acknowledge having the weapons or stick with the ambivalent approach of past decades. This has coupled a large-scale covert development program with a policy of saying publicly that India intends to keep open the option of building the weapons.

According to Western intelligence estimates, India has stockpiled about 100 nuclear warheads and could rapidly assemble more. It has also undertaken programs to develop two nuclear-capable missiles, a short-range tactical weapon called Prithvi that could be used against Pakistan, and a longer-range missile known as Agni that could hit targets in China.

By declaring in its manifesto that it intends to "induct" nuclear weapons, the new government appeared to be serving several goals. Aides to Mr. Vajpayee said that one of these was purely domestic.

"This is one nationalist goal that almost everybody in India agrees on, and it will please our own supporters," one aide said.

Indian defense analysts said the declaration would have other advantages. One would be that the Vajpayee government would clear the



Atal Bihari Vajpayee in New Delhi on Wednesday.

BRIEFLY

Pressing North Korea to Talk

GENEVA — South Korean negotiators asked their North Korean counterparts Wednesday to spell out their conditions for direct peace talks.

The North Koreans indicated their willingness to have talks, "but exactly what that means, exactly when, how, that sort of thing" remains to be determined, said a South Korean official, speaking on condition of anonymity.

China, which is leading this week's four-way talks with the United States and North and South Korea, called in the heads of delegations for a closed session Wednesday.

The main aim of the talks is to draw up a permanent peace treaty to replace the armistice ending the 1950-53 Korean War. The North has refused to talk to the Seoul government, which it describes as a U.S. puppet, saying it wants to deal only with the United States. (AP)

Jakarta Expels American Critic

JAKARTA — An American reporter and activist who has long accused Indonesia of human rights abuses in East Timor was deported Wednesday after entering the country illegally, the authorities said.

The reporter, Alan Nairn, was put on a flight to Singapore one day after giving a news conference in which he said the United States was training Indonesian troops in violation of a congressional ban. Among the U.S.-trained troops, he said, were members of a special forces unit accused of torture.

American officials, however, said the training program was legal because it did not fall under a 1992 statute barring Indonesian troops from a U.S. course for foreign soldiers.

Banned from Indonesia since 1992, Mr. Nairn entered the country "apparently after changing his passport," said Naina Akhmadsyah, spokesman for the Information Ministry. He did not elaborate. (AP)

Taiwan Aircraft Vanishes

TAIPEI — A passenger plane carrying 13 people disappeared from radar screens over the Taiwan Strait on Wednesday night, two minutes after taking off for a domestic flight, airport officials said.

The private TVBS news station later reported that rescue boats had found the wreckage, and that it had unconfirmed reports that two dead bodies had been recovered. Rescue officials said they could not confirm the reports.

The Formosa Airlines Saab 340 disappeared after taking off with eight passengers and five crew members aboard, officials said. Flight B-12255 was heading from Hsinchu, a city on the northwest coast about 80 kilometers from Taipei, to Kaohsiung in the south, on a route inaugurated only Monday. (AP, Reuters)

Thai Opposition Tries Ouster

BANGKOK — Thailand's main opposition party opened a no-confidence debate in Parliament on Wednesday, blaming Prime Minister Chuan Leekpai's government for the economic crisis and accusing it of corruption. Former Prime Minister Chaovalit Yongchaywat, now in opposition, said the government had failed to follow through on promises it made when it came to power four months ago.

Mr. Chaovalit resigned in November after 11 months in office under pressure from the public, businessmen and his coalition partners after Thailand plunged into its worst economic crisis in decades.

He said the primary cause of the crisis was Mr. Chuan's previous term in government, from 1992 to 1995, during which the financial system was revamped. (Reuters)

New Step in Prince's Return?**Ranariddh Convicted, but Pardon Is Still Up in Air**

The Associated Press

PHNOM PENH — A deposed prince of Cambodia was found guilty on Wednesday of conspiring with Khmer Rouge guerrillas to overthrow the government and was sentenced to 10-30 years in prison.

Prince Norodom Ranariddh has been in exile since he was ousted in a coup in July by his rival co-prime minister, Hun Sen. The trial was both an attempt by Mr. Hun Sen to discredit his former colleague and part of a diplomatic effort to allow Prince Ranariddh to return to Cambodia to contest elections July 26.

But diplomats said they feared that an unexpected \$34 million fine leveled by the judge against Prince Ranariddh and three co-defendants could become a stumbling block to the prince's return. The prince has denied all the charges and called the proceedings illegal.

Prince Ranariddh's conviction was a foregone conclusion because the court is controlled by Mr. Hun Sen. The prince and three of his aides were all tried in absentia.

The proceedings are part of a Japanese-brokered settlement aimed at saving face on both sides. It outlines a plan whereby Prince Ranariddh, now that he has been convicted, would seek a royal pardon from his father, King Norodom Sihanouk, paving the way for his return to Cambodia. But the pardon is still very much up in the air.

Vibol Kong, the prince's deputy cabinet director, said in Bangkok that the prince's sister, Princess Buppha Devi, was preparing

an amnesty request on behalf of the prince. Prince Ranariddh has refused to seek the pardon himself, saying it would amount to an admission of guilt. King Sihanouk, meanwhile, says he will grant the amnesty only if Mr. Hun Sen says in writing he would favor it.

Mr. Hun Sen has been ambivalent.

Mr. Hun Sen has called elections to legitimize his power and win back foreign aid that was cut off after his takeover. The international community has indicated that the prince's return and participation would be necessary components of free and fair elections.

But the longer Prince Ranariddh's return is delayed, the less likely he will be able to run a competitive campaign.

The trial on Wednesday concluded shortly after convening for the second day at a heavily guarded lecture hall at the Defense Ministry. A parade of witnesses, including Prince Ranariddh's former military adviser, testified Tuesday that the prince was plotting to oust Mr. Hun Sen by enlisting the aid of Khmer Rouge guerrillas.

The proceedings had many of the characteristics of a show trial.

For example, a dead man, Chao Samath, an aide to Prince Ranariddh who was killed by Hun Sen's troops during the coup — was among those sentenced.

Also, the court fined the four defendants \$34 million for damages to businesses caused by looting during the coup — even though the pillaging was done by Hun Sen's soldiers.

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A Start by the Vatican

At the direction of Pope John Paul II, the Vatican has labored for 11 years to address its behavior during the Holocaust. That study now yields a carefully crafted statement that goes further than the Roman Catholic Church has ever gone in reckoning honestly with its passivity during the Nazi era and its historic antipathy toward Jews.

This breaking of new political and theological ground by the Vatican is important and welcome. Yet the document disappointingly stops well short of the unflinching acknowledgments of responsibility that Catholic bishops in France and other European countries have produced in recent years.

The gap was probably unavoidable, given the Vatican's institutional interests and caution. Still, the church's statement, "We Remember: A Reflection on the Shoah," is a sobering and moving call to penitence and a denunciation of anti-Semitism and the Holocaust. Those are no small steps for the Vatican, clearly reflecting healthy introspection by the church. In parts of the world where Catholic anti-Semitism lingers, the Vatican document will be a powerful tool of tolerance.

The church's attitude toward Jews began to change in John Paul and his successors to take the next step toward full acceptance of the Vatican's failure to stand squarely against the evil that swept across Europe. With its repudiation of anti-Semitism, the new document provides a useful starting point.

—THE NEW YORK TIMES.

Don't Coddle Rangoon

According to a State Department report this year, Burma's opium and heroin production doubled after the current dictators took power in a 1988 coup, and it has remained stable ever since. Burma is now the major global supplier of opium and heroin, accounting for more than half of world supplies, and it produces enough "to satisfy the U.S. heroin market many times over," the report states. "Overall, the Burmese drug control situation remained bleak during 1997."

The report does not confine its remarks to officials in outlying areas. "The government systematically encouraged leading drug traffickers to invest in infrastructure and other domestic projects," it says.

Secretary of State Madeleine Albright was even more direct last summer. "Burma is also the only member of ASEAN where the government protects and profits from the drug trade," she said. "In fact, Burma's top traffickers have become leading investors in its economy and leading lights in its new political order."

Even setting moral issues aside, an important question is whether "engagement" with such a regime and attempts to burnish its image constitute

—THE NEW YORK TIMES.

An Irish Deadline

The parties negotiating peace in Northern Ireland have been in Washington this week. They are due to resume formal negotiations next Monday, and have only until about Easter, April 12, to reach an agreement on a peace plan that can be put to British and Irish voters in May.

President Bill Clinton is planning to cajole, wheedle, beg and threaten all sides to get down to business. His suasion is sorely needed. So far the parties have mainly postured. Only the British and Irish governments seem to realize that the time remaining for peace can be measured in days.

Sinn Fein, the political wing of the Irish Republican Army, was excluded from the talks after the IRA was blamed for a bombing that killed two civilians in February. It is likely to return to the negotiating table on Monday. Sinn Fein and the Protestant parties linked to paramilitary groups must understand that further violence will destroy both the talks and their own reputations.

Sinn Fein has shown the leadership in begin to prepare its constituency for compromise. A week ago its president, Gerry Adams, offered the party's first written acknowledgment that the talks would not produce the nationalist movement's longtime goal of a united Ireland. He wrote in a Dublin newspaper that while Sinn Fein would continue to pursue unity by peaceful means, the talks could produce useful interim

—THE NEW YORK TIMES.

Herald Tribune

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NATO Is in Transition, So Why Not Talk About It?

By Jim Hoagland

WASHINGTON — The U.S. Senate is moving in haste toward a climactic vote on NATO expansion, a foreign policy initiative that defines the Clinton administration's approach to the world as one of strategic prudence and impulse. The Senate should not join in that approach.

Foreign policy is the grand abstraction of American presidents. They strive to bargain big, or not at all, on the world stage. They are more free there than they are at home to dream, to emot, to rise or fall on principled positions, or to stab others in the back.

U.S. presidents treat foreign policy as the realm in which they express their essence and personality most directly. Think, in a word or two, of recent presidents and foreign policy in their day — Johnson, overreaching; Nixon, paranoid; Carter, delusionally trusting; Reagan, sunnily simplistic; Bush, prudent technician.

NATO expansion is the Clintonites' most vaunted contribution to diplomacy, and they characteristically assert that they can have it all, when they want, without paying any price. Do it, the president told the Senate leadership on Monday in a letter asking for an

immediate vote, and others will later clean up messy strategic details such as the mission an expanded NATO will have and who else may join.

It is an argument that all administrations advance: Trust us, this will turn out all right. Russians will learn that NATO expansion is good for them. The French will not use expansion to dilute U.S. influence over Europe. This will cost American taxpayers only a penny or two a day. And so on, on a number of debatable points which I think will work out quite differently than the administration claims.

But there is also a familiarity of style here distinctive to this president and those closest to him. And why not? Life is not neatly compartmentalized. The all-embracing, frantic, garrulous lifestyle that has allowed other affairs of state (the Lewinsky, Willey, Jones allegations) to become the talk of the world, justifiably or otherwise, also surfaces in major policy matters.

The White House is urging the Senate to amend the NATO charter to admit the Czech Republic, Hungary

and Poland. An acquiescent Trent Lott, the majority leader, indicated in response that he would schedule a vote in a few days, despite appeals from 16 senators for extended discussion.

Bill Clinton opposes any more debate, even though he has not addressed the public on this historic step and there is no consensus in the United States or within the 16-member alliance on the strategic mission of an expanded NATO or on its membership.

A new "strategic concept" for NATO will not be reached until April next year. It is to be unveiled at a 50th anniversary summit in Washington.

When Secretary of State Madeleine Albright recently said in Brussels that NATO would evolve into "a force for peace from the Middle East to Central Africa," European foreign ministers quickly signaled opposition to a radical expansion of the alliance's geographic area of responsibility.

And Mrs. Albright's deputy, Strobe Talbott, surprised some European ambassadors last week when he gave a ringing endorsement to the possibility of eventual Russian membership in NATO. This is an idea that divides member governments and has not

been seriously discussed in the Senate.

I regard Russia as a peaceful democratic state that is undergoing one of the most arduous transitions in history. Mr. Talbott said in response to a question asked at a symposium at the British Embassy in Washington. He said Mr. Clinton strongly supported the view that "no emerging democracy should be excluded because of size, geopolitical situation or historical experience." That "goes for very small states, such as the Baltics, and it goes for the very largest, that is, for Russia."

It is a message that Mr. Clinton has given Boris Yeltsin in their private meetings, Mr. Talbott emphasized.

"This is a classic case of never saying never," Mr. Talbott continued. "If the day comes when this happens, it will be a very different Russia, a very different Europe and a very different NATO."

How different, and in what ways, is worth discussing before the fact. The Clinton administration has not taken seriously its responsibility to think through the consequences of its NATO initiative, and to explain them to the American people. The Senate needs an extended debate, not a hasty vote.

— The Washington Post

Illusions and No Winners in the Indonesia-IMF Duel

By Philip Bowring

HONG KONG — In the best of circumstances, finding a way out of Indonesia's problems would tax the world's wits. The actual circumstances are that the two key players, President Suharto and the IMF, are both in denial of reality. It is President Suharto who may have the stronger grasp of the economic dynamics.

He remains firmly in denial of the contribution of his continuation in office and stubborn resistance to changing the system. That is natural, but it is the stuff of tragedy, of a lifetime achievement undone by a fatal flaw.

After a quarter-century of success, it is natural to assume that you are key to solution of the problem, not cause of it. The need for a clear succession, and for redistribution of the spoils of office, may seem obvious

enough to outsiders as to many Indonesians, but it is hard to make people believe what they do not want to believe.

Precisely the same applies to the IMF, which has, for good reason, become shorthand for Western economic and political interests in general.

The IMF is in denial of the reality that even in the very best of scenarios from now on,

Western, Japanese and other banks are going to have to make huge write-offs of Indonesian private debt. One is not here talking of a billion or two dollars, but of tens of billions.

Instead of facing this reality, the IMF promotes the illusion that it has a solution to Indonesia's woes. Its prescribed policy changes to end monopolies and

remove trade distortions will be of benefit in the long run, but it is fooling itself if it believes that such things will quickly restore private sector confidence. In the short term, they could even make life more difficult for important parts of the commercial sector.

The IMF's reform-linked injections of a few billion dollars to stabilize the exchange rate would give a short-term boost to the rupiah. But a few billion is still small relative to the size of foreign debt, and to the desire of anyone with access in foreign exchange in hand to sell it, or send it to Singapore or Switzerland.

Nor will a sudden doubling of the rupiah's value do much to resolve foreign bankers' problems. Of the dollars borrowed by Indonesian companies, per-

haps a quarter has been lost by poor investment in unneeded office towers and power stations. Another quarter may have simply been transformed into flight capital — in the same way as Latin American borrowings in the '80s financed flight capital that did not return for a decade, if ever.

It is now impossible to stabilize the Indonesian situation without foreign debt write-offs on a scale at least equal to the Brady treatment for the Latin crisis. The IMF refuses to acknowledge this obvious truth.

To do so would force foreign banks to recognize nonperforming loans — a reform being urged on Indonesia but evaded by some Western banks.

Recognition of reality would also lay the IMF open to accusations of expecting to use tax-

payers' money to bail out foreign bankers who had enjoyed handsome profits from sleazy deals and "private banking" management of the ill-gotten gains.

Mr. Suharto may flounder when it comes to the minutiae of economics, of the rights and wrongs of currency boards, but he has a canny peasant's understanding that, if some Indonesians (not the government) owe billions to foreigners, it is the foreigners who have the problem.

By appointing a cabinet of cronies, he is calling the IMF's bluff. If he succeeds, he will get more money with fewer strings.

If he fails, the short-term situation will be destabilizing. Inflation will soar and discontent will rise. But they probably would win anyway. IMF solutions to the currency crisis have failed twice. Why should they work next time? By ignoring the IMF, at least he keeps his dignity.

Indonesia already has the factories, power plants, hotels etc. built with foreign loans. Of course, debt default is not to be encouraged. But do the bankers who willfully financed capital flight deserve sympathy? And what should we make of the foreign power companies who entered into cosy deals with influential people and now squeal "fool" and run to their embassies for help when they find themselves being paid in rupiah not dollars?

Or take the case of Banque Nationale de Paris. When it acquired part of Peregrine, the Hong Kong investment bank that failed because of its Indonesian misadventures, it allowed payment of millions in bonuses to Peregrine directors and managers.

This deal, severely criticized by courts in Hong Kong, was at the expense not of BNP but of Peregrine creditors. Indonesians, and others, have noted this attitude to the rights of creditors and may apply to a few billion of their own debts.

Indonesians are baffled by the abrupt turn in foreign sentiment toward them, particularly on the part of the IMF and other previously invertebrate flappers.

Any ordinary person must see that material security can best be achieved by cooperation between the security forces of both sides. Such cooperation has taken place, and both sides enlisted the assistance of the CIA. Before the last election, Israeli sources said the cooperation was working well. Palestinian sources still say it works well at ground level, but that it runs into political difficulty on the Israeli side.

Israel is reported to want to end CIA participation. This is not surprising. If we look for arms held by civilians in the occupied territories, they are found mainly in Jewish settlements.

As long as security concerns can be manipulated, the Oslo

accord can be disregarded and the occupation can remain.

Meanwhile, "security" is practiced unilaterally by Israelis who cover for gross immaturity.

Gaza, under the Oslo agreements, is governed by the Palestinian Authority. But Palestinians can go in and out of Gaza only with a permit, and such permits can be revoked individually or collectively at will.

With a permit, a Gaza citizen may queue for three or four hours, and who cares if a blind girl wanting to visit a sick mother is turned back because her papers are not absolutely in order?

Citizens of Gaza cannot travel to study at the Palestinian University of Birzeit, near Ramallah. Perhaps it was a would-be student who was killed recently trying to get out of Gaza under the fence. He was shot dead without any attempt to arrest him, so we shall never know.

Occupation means repression. It scars the souls of the occupiers. There are Israelis who know and declare this.

Two abiding impressions remain from a recent visit to Israel, Palestine and the occupied territories. One is the enduring dignity of Palestinians — doctors, teachers, schoolchildren, ordinary workers.

The other is the misplaced dedication of young Israelis whose role willy-nilly is to carry out police interrogation at the airport. In my case, it took an hour. What if I had been a Palestinian?

Ultimately it will not save his system, or his family's wealth. But an aging Javanese "king" has better excuses for living on illusions than the IMF or the banks that are due \$70 billion.

In this deal of denial there are no winners.

International Herald Tribune

Women's Tolerance Has Limits

By Maureen Dowd

call, write nice notes to or ask favors of Clarence Thomas and Bill Clinton?

Easy. Just ask most working women.

Ann Lewis, whose skirt Mr. Clinton is hiding behind, doesn't get it anymore. In 1991 she fought conservatives who said Anita Hill's credibility was shot because she had followed Judge Thomas from job to job, and continued calling him.

Mrs. Lewis lectured about the mind-set of working girls: You "have this really prestigious and powerful boss and think you have to stay on the right side of him or for the rest of your working life he could ruin you."

Now Ms. Lewis, in her role as White House rationalizer, attacks Mrs. Willey's credibility by saying that in 1996, three years after the groping incident in the Oval Office, the former White House volunteer said she admired Mr. Clinton and wanted to raise funds for his campaign.

But self-interest, too, has its limits. A woman who is willing to be teased may not be prepared to be degraded. She may tolerate a boss's gaze but not a boss's hands. For women, there is a steadily growing consciousness of personal dignity for playing the gender game at the office.

So, bosses beware. Some prices are too much to pay. When the line is crossed, some women may not only collapse into tears. They may also collapse into television.

Women are accustomed to putting up with immature and

wormy behavior by men in their personal lives, and in their professional lives. They have learned, through long years of being subordinated to men in the workplace, to use their wiles and wits to maneuver past eruptions of male libido.

Skeptics wonder why Ms. Hill and Mrs. Willey filed no complaints against their tormentors. But if women took action every time a boss made an unwanted pass or an unwanted remark, they would be twice injured: first when they are treated like chattel, and again when they lose their bridge to a good job, a good recommendation and a good contact

INTERNATIONAL

As Buzzards Circle, Sudan's People Wait for Banned Food

By James C. McKinley Jr.
New York Times Service

ADET, Sudan — Buzzards circled the Adet airstrip on a recent morning while Adel Tong waited with 3,500 other hungry people under the thorn and tamarind trees for aid workers to distribute the food piled at the end of the runway.

Her five youngest children sat naked in the dust next to her, each thinner than the last, their eyes hollow, their ribs visible, their arms like sticks, their bellies protruding in famine's parody of fullness. They had been waiting for two days.

"I went to my parents, but they said they had nothing to feed the children," said Mrs. Tong, 38, whose husband was killed when soldiers looted their farm in October, making off with all their sorghum and cattle. "There is no way I can feed them. I'm just relying on the little I can receive from the aid workers. If I receive nothing, they will die."

Mrs. Tong and the others in Adet are the victims of what many aid officials characterize as a campaign by the government in Khartoum to starve people in rebel-held territories because they support guerrillas fighting for an autonomous south.

For nearly two months the government has banned relief flights to all but four airstrips in the region, arguing that it is insecure.

Heavy fighting broke out again in the state of Bahr el Ghazal on Jan. 28, when Kuanyin Kerubino Bol, a local rebel leader who had been fighting on the government's side for several years, switched sides again and attacked an army garrison.

CHINA: Pragmatists Get Economics Posts

Continued from Page 1

regards as a renegade province, Mr. Qian said last week that the job was demanding and he felt too old to continue.

However, he will still serve on the Party's Politburo and as a deputy prime minister, above the cabinet, responsible for overseeing foreign policy matters.

The National People's Congress formally selected the cabinet and other senior officials from a slate provided by the Communist Party. Only one can-

China's New Cabinet

Agence France-Presse
BEIJING — Following is a list of China's new cabinet members:

Prime minister: Zhu Rongji.
Vice prime ministers: Li Longqiang, Qian Qichen; Wu Bangguo; Wen Jiabao.
State councilors: Chi Haotian; Luo Gan Wu.
Minister Amoy Wang Zhongyu.
Secretary-general of the State Council: Wang Zhongyu.
Ministers
Foreign Affairs: Tang Jiaxuan.
National Defense: Chi Haidong.
State Development Planning Commission: Zeng Peiyang.
State Economic and Trade Commission: Shen Xuefeng.
Education: Chen Zhili.
Science and Technology: Zhu Liqun.
Commission of Science, Technology and Industry for National Defense: Liu Jibin.
State Ethnic Affairs Commission: Li Deshu.
Public Security: Xu Youxin.
Finance: He Yoxi.
Chif Affairs: Dole Ceting.
Justice: Gao Changli.
Finance: Xiang Huaiqiang.
Personnel: Song Dexing.
Land and Social Security: Zhang Zuoli.
Land and Natural Resources: Zhou Yongkang.
Construction: Yu Zhengsheng.
Railways: Fu Zhizhou.
Communications: Huang Zhendong.
Information Industry: Wei Jichuan.
Transport: Ni Weizhong.
Agriculture: Chen Yandong.
Foreign Trade and Economic Cooperation: Shi Guangsheng.
Culture: Sun Jiezheng.
Health: Zhang Wentian.
Family Planning Commission: Zhang Weiwei.
Governor of the People's Bank of China: Du Xionglong.
Auditor general of the National Audit Office: Li Jinhu.

ISRAEL: Settlements Back in Spotlight

Continued from Page 1

violent opposition among Palestinians, who say that the settlement is designed to complete an Israeli-populated belt around the Arab part of Jerusalem.

In Washington, James Rubin, the State Department spokesman, declined to comment directly about the Har Homa incident, saying that "we were not consulted" on the specific itinerary of Mr. Cook and the European Union for allegedly trying to interfere with Israel's ambitions in Jerusalem.

Throughout the episode, Mr. Cook sounded unrepentant, saying that he had deliberately sought to underscore European backing for the Clinton administration's call to suspend new settlements in order to revive Palestinians' confidence in negotiations.

Before leaving Israel for Syria to continue his Middle East tour, Mr. Cook said at a news conference that the European Union, of which Britain is currently president, was "unanimous" in its "concern about expanding settlements."

The Har Homa housing project, which Mr. Cook visited Tuesday, has sparked

Israel Arrests Teenager As Pentagon Hacker

The Associated Press

JERUSALEM — Officials said Wednesday that they had arrested an 18-year-old Israeli accused of breaking into the Pentagon's computer system.

The police did not identify the teenager by name, but said he was known in hacker circles as "Analyzer." They said he would be brought before a judge within 24 hours.

Analyzer is suspected of being the mastermind of two U.S. teenagers who have been interrogated by the FBI in connection with incursions into Pentagon and university computer systems.



old people among the displaced who arrived too late for the first disbursement of food have grown emaciated and weak. Desperate for nourishment, women of the Dinka ethnic group are harvesting bitter beans from tamarind trees and collecting leaves and wild fruit to eat, a strategy they do not usually employ until much later in the year, just before harvest.

"They are surviving now on wild food," said Claude Jibidar, the field coordinator in South Sudan for the UN World Food Program. "In a month's time, or two months' time, the situation is going to deteriorate drastically."

Mr. Jibidar and other UN officials predict that there will be widespread famine in Bahr el Ghazal within a year unless UN planes based in Kenya are allowed to carry food shipments to more locations.

It was in Bahr el Ghazal that 250,000 people perished in a war-related famine in 1989, prompting the UN to begin the airlift operation from northern Kenya, which is still supplying most of the medicine, relief food and social services to Sudan's south.

Since late January, the World Food Program has managed to send about 262 metric tons (289 short tons) of food to the four open airstrips, using airdrops and small cargo planes, while an unusual convoy of trucks carried in 360 more tons from Uganda.

"If they don't give us access, in three or four months it will be too late," Mr. Jibidar said. "We will suddenly be dealing with 500,000 people when they do not have the resources to survive. The quantity of food we are taking into Bahr el

Ghazal today can't help the situation."

To make matters worse, the government stepped up its bombing campaign since Mr. Kerubino's defection. Nearly every day since late January, a Russian-built cargo plane has prowled the sky over the region, rolling a dozen cluster bombs out of a rear cargo bay.

Because the pilots have no sightseeing system, the bombs often fall on civilian locations, military experts said. In the worst attack so far this year, 16 civilians were killed when a bomb hit a market in the town of Thiet on March 1.

The bombing has not only disrupted farming by forcing thousands to leave their homes when they would normally be clearing land in advance of the April rains but also demoralized many farmers who have struggled for years to eke out a living.

Gong Mayar, 40, a Dinka farmer near the Airstrip, said he heard the low and distant buzz of the plane's engines Feb. 8 before he heard the sound of the bomb falling, a whoosh like rain. Then came the shattering blow of the explosion. The earth shuddered.

He ran out of his thatched house and found his wife, Arois Reec, 25, face down in the dust about 50 yards away, bleeding from the back and the head. He carried her back to their mud-walled home and laid her near her two children. The baby wailed. His wife could not utter a word.

"She was still alive," he said. "But within five minutes she passed away. I do not know what this war is about. What I know is that they are just killing indiscriminately. They are not targeting the people who are fighting them."

"The UN planes are dropping food while the government planes are dropping bombs," said Maalak Ayien, an aid worker with Save the Children, as he distributed cereal rations to children.

"The government here is trying to destroy wealth. They keep everyone displaced. People become hungry."

Since 1983 various rebel groups from the mostly Christian and animist southern states have been fighting successive governments dominated by Arabs from the mostly Islamic north. Most of the rebel groups say that they are fighting for independence or just for more political autonomy and greater religious freedom.

But the rebellion has been crippled

from its inception by infighting among ethnic factions as well as by rogue commanders who have used the conflict to loot and to enrich themselves.

The death of Mr. Mayar's wife was a final, crushing blow to a man who had kept farming through waves of looting and cattle rustling by rebels and pro-government militias alike. His herd of cattle, once numbering 27, has been reduced to 7 pitiful creatures. Two years of bad harvests mean that he has only one 170-pound basket of grain saved to plant when the rains come.

It is not nearly enough, he says, to survive until the next harvest in August.

The daily bombing, coupled with renewed fighting around the towns of Wau, Gogrial and Aweil, has displaced at least 130,000 people, UN officials said. These people have fled without food into a ravaged countryside where local farmers have little food to spare, aid workers said.

"The UN planes are dropping food while the government planes are dropping bombs," said Maalak Ayien, an aid worker with Save the Children, as he distributed cereal rations to children.

"The government here is trying to destroy wealth. They keep everyone displaced. People become hungry."

Since 1983 various rebel groups from the mostly Christian and animist southern states have been fighting successive governments dominated by Arabs from the mostly Islamic north. Most of the rebel groups say that they are fighting for independence or just for more political autonomy and greater religious freedom.

But the rebellion has been crippled

from its inception by infighting among ethnic factions as well as by rogue commanders who have used the conflict to loot and to enrich themselves.

BRIEFLY**In Rwanda, Trial For Genocide Opens**

BYUMBA, Rwanda — Two Rwandan defendants pleaded guilty to genocide and war crimes Wednesday at the start of the largest group trial since the massacres in 1994.

Anastase Hazegikurwa and Celestin Basesayi had been accused by witnesses of killing several people, including two children.

The charge lists 51 defendants, many other Internet users,

the son of a senator and writer — who is a member of the Rose Ensemble and related to the late president — the Name of the Rose and the author of the book.

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BRIEFLY

In Rwanda, Trial
For Genocide Opens

By MARY K. PATRICK — The trial of Rwandans accused of genocide began yesterday in Kigali. Some 51 defendants are charged with killing more than 800,000 people in 1994.

**Israel to Remove
Currency Restraints**

By DAVID E. SAWYER — Israel will remove its currency controls by June 1, 1999, Finance Minister Benjamin Netanyahu said yesterday. The move is part of a deal between the government and the International Monetary Fund.

**Forest Fires Place
Brazil on Alert**

By DAVID E. SAWYER — Brazil's environmental ministry has issued a red alert over the threat of forest fires in the Amazon rain forest. The ministry said yesterday that 100 fires have been reported in the last week.

**Guatemala Crash
kills 5 in Chopper**

By DAVID E. SAWYER — Five people were killed yesterday when a chopper crashed in Guatemala. The crash occurred at 10:30 a.m. local time, according to the Ministry of Defense.

Translation Software: Misuse at Own Risk

Free Internet Site Attracts Jesters and Poets

By Bruno Giussani
New York Times Service

NEW YORK — Umberto Eco has a passion for playing with words. So he yielded to the latest Web temptation: AltaVista's free Translation Service.

Like many other Internet users, the Italian semiotician and writer — whose works include "The Name of the Rose," a novel in which language and ancient books hold the key to a series of mysterious deaths in a medieval monastery — started poking fun at the machine.

Based on software from the French company Systran, AltaVista's service can translate on the fly back and forth between English and five other languages: French, German, Spanish, Portuguese and Italian. Other options such as Japanese and Korean are in the works.

Users can key in a Web address and the corresponding page will be displayed in the original layout, with just the text translated into the requested language.

Or they can type in a word, a sentence or a paragraph up to 500 words and have it translated in a matter of seconds.

For several weeks now hundreds of thousands of people looking for entertainment on-line — including Mr. Eco — have been busy typing in gobblins of text, having it translated into another language and then translating it back.

Results are often funny; it's actually quite easy to make an automated translation look gony if one is just a little familiar with the subtle nuances between different languages.

Type in "rock and roll," ask the machine to translate it into another language and then back into English, and you'll get everything from "rock and role" to "cliff and seam."

Submit sentences including slang expressions or homographs, those words which are spelled the same but have different meanings. Use, for example,

the English word "male," which means "evil" in Italian. Type in a couple of lines with "hurro" ("butcher" in Italian, yet a Spaniard would understand "donkey"). Or try out a paragraph with "deception," the word the French use for "disappointment."

Exploit the difficulties the translator has in keeping track of names. Passed into Italian, then back into English, a biographical notice such as "Bill Clinton was born in Hope and grew up in Hot Springs" will read "The invoice Clinton has been taken in the hope and it has been developed in warm motivating forces."

To those who have never dealt with automated translation, the tool may seem unreliable. "The system clearly has limitations," said Dimitrios Sabatakakis, the chief executive of Systran.

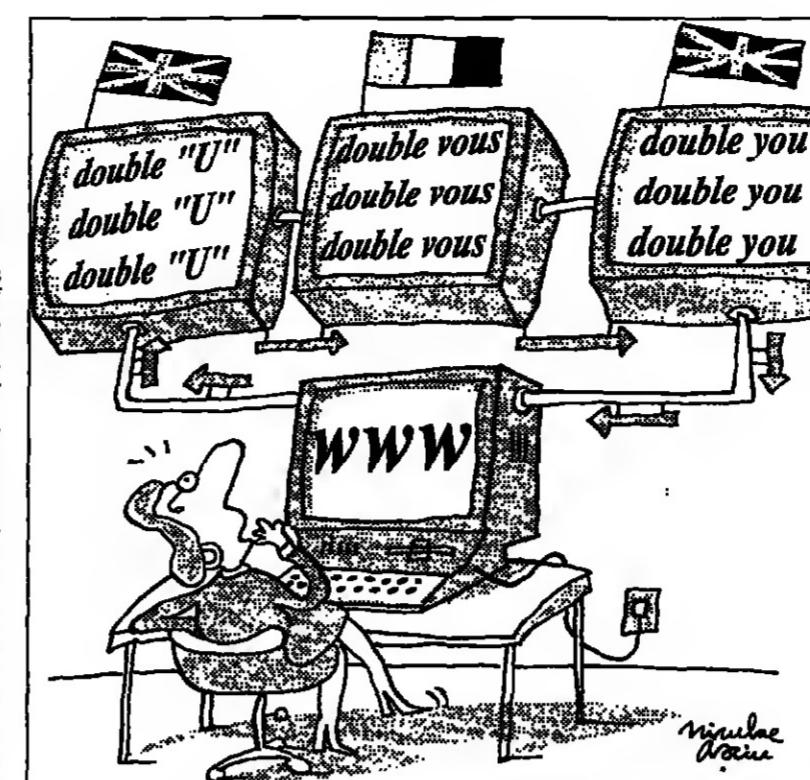
"By translating back and forth, you accumulate mistakes both ways," he added. "This really isn't the best way to test the machine."

Assuming that they are aware of the limitations of the technology, the magic and the usefulness — of the AltaVista translator lies in it that allows Internet users to get a glimpse of understanding of information written in a language they do not speak. For Europeans trying to access the 80 percent of the Web that is in English, this is already great news.

The system may also give Americans and Britons an idea of what is being published on-line by all those foreigners. Read the latest on Germany's rising political star, Gerhard Schroeder, directly from Der Spiegel magazine. Learn about a French actor or an Argentine writer.

AlaVista suggests enhancing searches by using the system to translate the query words into another language, search for information in that language, then translate the pages that look interesting.

Having tried all these options, Mr. Eco offers another hint: Use the trans-



lation service for creative purposes. Take for example the first two verses of Dante Alighieri's "Divine Comedy": "Nei mezzo del cammin di nostra vita, mi ritrovai per una selva oscura."

Having it translated into English and then back into Italian just "proves that a machine cannot compete with the Divine Poet," Mr. Eco wrote in L'Espresso, an Italian magazine.

But what if we type in the original Italian text, tell the computer that it is in Spanish, and ask for an English version? The machine will of course find Spanish words that it doesn't know, and will leave them unchanged: "Nei mezzo del cammin I gave nostra vita, my ritrovai to per a dark forest."

Let's now run Dante's original sentence several times through different languages. At some point it will read "In the sense of our life, calm I have found in one dark forest." While the sentence may sound peculiar, it suggests a feeling that is the opposite of

Dante's, who was frightened to be in the forest, col "calm."

Mr. Eco would be thrilled with this result: "all we have to decide now is which contemporary poet we can attribute these verses to," he wrote.

Beyond jokes and poetry, Systran's products are a serious business. The European Union, for example, uses them as a productivity booster for its armada of 1,800 human translators who deal with thousands of pages of documents a day in a dozen different languages.

Founded in the 1960s in California in developing Russian-to-English machine translation systems for the U.S. Air Force and later for the National Aeronautics and Space Administration, Systran is a rare case of an American high-tech company bought out by European investors.

Based near Paris, the company sells client-server and desktop translation tools mainly to governments and corporations. Teaming up with AltaVista, it is now moving into the mass market. Its basic "personal translation" software package is priced at \$49, with a more advanced version at \$250.

SITES

AltaVista's translation service can be found at:

<http://babelfish.altavista.digital.com/cgi-bin/translate?>

Systran's Web site:

<http://www.systransoft.com/>

imated graphics, no dancing babies. Make the navigation easy. Keep the hotkeys in the same place as you move through the site. Those buttons and icons should be logical and labeled.

A site map is a good tool for navigation. Adding a search engine to your site will bring cheer. Keep in mind that many people still have good reasons to send Web pages to their printers. If the page is displayed as white type on a black background, the text will not appear on the printed page.

If you want to reach the widest audience, make sure your pages are accessible by a full range of technology options. Don't assume that users will upgrade their systems or program versions in order to see your stuff.

Remember that some folks disable Java on their browsers to speed them up. Many don't have all the helper applications that make those special effects and file formats readable. Give these readers an alternative in text or bml without frills.

Consider your global audience. If you can, provide multilingual pages. If you can't, clear, well-written English would be helpful, too.

If you're making an effort to produce a page that people will "bookmark" on their browsers for an easy return to it, take the time to add useful interactivity. All kinds of feedback mechanisms are well received: e-mail, Web discussions and Web-to-database fill-in request forms will get you those return visits and kind comments.

But expect some complaints as well. Anyone can be a publisher on the Web; anyone can be a critic, too.

Margot Williams' e-mail address is: mwilliams@washpost.com.

SITES

Related sites on the Internet:
For more information on evaluation of Web site quality, check out the Information Quality WWW Virtual Library:

[www.ciolek.com/](http://ciolek.com/)

WWWInfoQuality.html

For the 1997 Media in Cyberspace Study:
www.mediasource.com

ALT /Commentary

Designing a Web Page? Keep the User in Mind

By Margot Williams
Washington Post Service

WASHINGTON — What do Web users want? Recently,

I've spent a good part of my time conducting Internet training sessions for journalists and journalism students in the United States and — of all places — Hong Kong. It's a great gig and I often learn as much as anyone else — in particular about what Web users really want from the people who create Web pages.

The most common question I get is: "How do I know if the information on a page or a site is good information?"

People would have a lot easier time answering this if authors would provide more information on their pages about their products and themselves. Specifics about the publisher, including name, credentials, affiliation and contact information — both e-mail and phone number — are crucial. It's not good enough just to tell people to "contact webmaster."

How current are the information and the page? Readers want to know the date the page was created or updated. They also want to know the date of the information that is displayed on it. And what is the point of view? If your site has a commercial interest or an advocacy issue, let the reader know.

Is the information correct? Readers want to know the source is reliable. Attribution, references, spelling and grammar are taken as evidence of the general quality of your site.

What type of information is included? Before clicking on a hypertext link, readers would like some idea of what they are getting into, seeing as how they will often be sitting twiddling their thumbs as the page downloads. Describe the contents clearly. Is the person going to a list of links? A sound file? A graphics-heavy display?

Web users also have a lot to say about Web page design. They may not know much about it, but they know what they like and what they hate.

Here's a wish list from Web users to Web designers: Create pages that appear on the screen quickly. Don't load them up with big graphics.

Related issues: no blinking, no ani-

art world — uses it mainly as the wedge to open other, far more deadly political secrets.

The same night that Grove was murdered, a young man named Jack Prestcott daringly escaped from prison, where he was awaiting execution for murdering his uncle. The youthful would-be lawyer is obsessed with proving the innocence of his dead father, Sir James Prestcott, a notorious traitor and double agent during the Civil War.

In the second section of the novel, Jack lays out his efforts to unearth the truth about his father's role in a secret society called the Sealed Knot, and incidentally fills in some of the gaps in Cola's opening account of his eventful visit to Oxford.

In the third section, Wallis takes over the story and relates how his return to cryptography, this time in the service of King Charles's minister, Henry Bennet, leads him to understand the deeper purpose of Marco da Cola's sojourn in England.

Finally, in the last quarter of the novel, the genial local historian Anthony Wood does the honors, revealing the murderer of Grove, the secrets of Sir James Prestcott, the mystery of Marco da Cola and the truth about Sarah Blundy.

For readers even a little familiar with the 17th century, it is pleasing to realize that "a bumptious man who works in the Navy Office" must be Samuel Pepys, or to recognize "King Lear" from Cola's disapproving description of the play.

As does one night, Robert Grove, a gruff, obstreperous don, poisoned in his chambers. Who did it? And why? Cola, Sarah, a young theory student named Thomas Ken and one or two others had been destroyed or dispersed. Peace, finally, has returned to a ravaged land ... or has it?

So begins Iain Pears's crafty and mesmerizing intellectual thriller, "An Instance of the Fingerpost."

As haunting as "The Name of the Rose" and as gripping as "Tinker, Tailor, Soldier, Spy," this is a novel about deception and self-deception, about the scientific method and Jesuitical chicanery, above all about political expedience and religious transcendence.

A fingerpost was a crossroads marker that used a painted finger to indicate the right direction. For most of this long narrative, there is no such reliable pointer. In these pages we are lost in a wilderness of mirrors, doubting testimony, evidence and even confession, ultimately unsure of who is using or betraying whom. But Pears gradually, and masterfully, takes us on an unexpected death in a small college town to a revelation that could shake the foundations of England.

One afternoon an Italian gentleman named Marco da Cola arrives in Oxford, seeking the noted scientist Robert Boyle. Cola has been studying medicine in Leiden, with a particular interest in the properties of blood, and he has come at his teacher's suggestion to pay his respects to Boyle. The Italian is easygoing, amiable and perhaps a little naive. Al-

most everyone likes him immediately. But is he what he seems, a simple student of natural philosophy?

One of the suspicious few is John Wallis, the greatest mathematician in England before Newton, and for many years the chief code-breaker for John Thurloe, the chief of Cromwell's intelligence service. Wallis possesses an icy, even cruel intelligence, being one of those men with a legion of admirers and no friends. Strangely enough, he has survived the Restoration, as has even more formidable master: the courteous, gentle-spoken Thurloe — who, Wallis says, "could be more terrifying with less effort than any man I knew."

Over the next few weeks Marco da Cola gradually grows acquainted with several Oxford notables — the medical student and philosopher John Locke, the historian Anthony Wood, the young Richard Lower — but he, most strangely, shows a peculiar interest in Anne Blundy and her daughter, Sarah. The Italian treats the elder Blundy as she lays mortally ill, even though the pair are far too poor to pay him, and pays close attention to the talk of the pretty, introspective Sarah, branded a slut and widely suspected of being a witch. The father of the family, the soldier Ned Blundy, is dead, but is remembered as a tireless fighter for absolute equality between women and men, peasants and aristocrats. He died, it is said, under mysterious circumstances.

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Washington Post Service

BOOKS

AN INSTANCE OF THE FINGERPOST

By Iain Pears. 691 pages.
Riverhead Books. \$27.

Reviewed by Michael Dirda

OXFORD, 1663. After more than 20 years of civil and religious upheaval, a king once again sits on the English throne. The Protector Oliver Cromwell is dead. The Levellers, Diggers and other factions — with their wild dreams of an egalitarian society — have been destroyed or dispersed. Peace, finally, has returned to a ravaged land ... or has it?

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BRIDGE

By Alan Truscott

Information Society

What Next in Multimedia Revolution? Beware Predictions

By Barry James

Helsinki — In line with other historical bloopers such as "This telephone has too many shortcomings to be seriously considered as a means of communication" (Western Union memo); "I think there is a world market for maybe five computers" (IBM chairman Thomas Watson); or "640k ought to be enough for anybody" (Bill Gates), the British scientist Lord Kelvin was seriously off the mark when he proclaimed 100 years ago: "Radio has no future."

Today, radio is a major component in the phenomenal growth of the global telecommunications network, the largest and most complex object ever made by man.

The fusion between wireless communication, the entertainment industry, data transfer and the classical telephone is driving a revolution. The boundaries that separated the telephone from the

radio or the television receiver are breaking down with bewildering speed.

"In another 10 years — who knows? — distinctions between broadcasting and telecommunications may mean nothing at all," Pekka Tarjanne, secretary-general of the International Telecommunication Union (ITU), told broadcasters in Los Angeles last month.

Mr. Tarjanne comes from Finland, the world's most wired up, switched on nation — with more Internet connections per capita and more portable telephones than anyone else. It is the home of Nokia, which 100 years ago was a dusty little company producing paper products and rubber galoshes and which now makes more than 20 percent of the world's portable telephones and much of the underpinning infrastructure.

Nokia began marketing mobile telephones only 16 years ago, hefty devices magnitudes bigger and some 60 times heavier than today's shirt-pocket or pocketbook gadgets.

Nokia executives tend not to call them telephones anymore. They are "communicators," increasingly capable of receiving and sending short messages or faxes and even of browsing the Internet.

The telecommunications industry is about to embark on another of its seismic changes with the adoption in Paris in January of an open set of standards for the next generation of digital mobile phones. Already Europe and Asia are on board, but it remains to be seen whether the United States will participate in creating a truly global norm.

The new phones, available around the turn of the century, will have enough speed and bandwidth to receive still and full-motion video images as well as voice — making the videophone a near reality — and will operate anywhere in reach of a satellite.

Nokia has also rapidly embarked on the manufacture of set-top boxes that turn an ordinary television receiver coupled with a phone connection into an Internet communicator. The reason is

obvious: there are more television sets in the world than there are telephones.

More than half the world's families have no telephone. In the developed countries, there are 45 phone lines or more for each 100 people. In sub-Saharan Africa, there is less than one, and in many rural areas, none. Only around 20 percent of the world's fixed phone lines are located in developing countries, home to 85 percent of the world's population. About 97 percent of Internet hosts and 84 percent of personal computers are located in richer countries with only 16 percent of the world's population.

THE mobile phone could help close this gap, by enabling countries to set up networks that do not rely on costly fixed infrastructure and lines. In Bangladesh, one of the world's most indigent nations, the Grameen Bank, which lends small sums of money to the very poor, has set up a telecom subsidiary that aims to put at least one portable phone in each

of the country's 68,000 villages, making it the largest wireless pay phone project in the world. The bank's founder, Muhammad Yunus, says his vision is simple: to put 100 million peasants in touch with the outside world, and to bring them jobs via the Internet.

Incidentally, having created the telecom subsidiary, the bank then set up another company to make solar panels to recharge the phones. That's a classic example of the dictum that the telecommunications industry is not only a creator of wealth — \$600 billion in sales in 1996 — but also a facilitator of wealth. The value of financial services transferred across the international telecommunications networks exceeds \$1 trillion every day.

Already more mobile phones are being added around the world than fixed phone lines. Industry executives predict there will be 600 million mobile phones within five years, equal to the number of fixed lines today, and even that heady figure could be largely outstripped. "Even 100 percent market penetration

is not the limit," said Jyrki Laine, a senior Nokia executive. "After all, how many watches do we have?"

Cellular phone prices in Finland already are approaching the level of fixed phone tariffs. In the near future, Nokia executives say, digital wireless phones may become the norm for voice communications, leaving fixed lines for mass data, Internet, intranet and broadcast transmissions. In effect, mobile and fixed communications will merge into a seamless whole.

Although most people may not have realized it yet, 1998 is year zero of a revolution, according to Mr. Tarjanne. It was the start of global deregulation and competition.

On Jan. 1, the European Union opened up its telecommunications infrastructures and markets to domestic and foreign competitors. An American company, for example, can own a European subsidiary, complete a call from end to end and pocket the proceeds.

Continued on Page 15

U.S. Military Draws Up Battle Plans on How to Win an 'Info War'

By Joseph Fitchett

PARIS — Information warfare was born with hackers, anarchistic whiz-kids who got so bored waiting for their turn running a big IBM mainframe at the Massachusetts Institute of Technology that they turned to pranks such as taking a piano apart, then reassembling it atop the chapel spire.

Known in the college jargon as "hacks," these extracurricular activities were channeled in the 1970s into imitating telephone codes to obtain free long-distance dialing and then into breaking into the networks that started tying together computers, initially those of the Defense Department and its laboratories and military contractors.

It was the Cold War, and spies quickly spotted the hackers' military potential. In a well-publicized early case, KGB agents infiltrated the Chaos Computer Club in Cologne, West Germany, and recruited hackers to make long-distance break-ins by telephone to siphon out information from computers in the Pentagon and some defense contractors' offices. The hackers were detected — by accident, officials would have you believe — and then caught in a trans-Atlantic electronic cops-and-robbers chase.

The episode is well recounted by Clifford Stoll, an academic turned government consultant, in his book, "The Clueless Nest." It fit a general perception in the 1980s that military computers exposed the United States to danger. Hackers starred in "WarGames," a 1983 movie in which computer manipulations almost set off an accidental nuclear war.

Such scenarios seem wildly over-amplified to experts grappling with the current problems of "information warfare," the new military specialty that is both touted as the new U.S. super-weapon and as a possible Achilles' heel for the U.S. military. As studies proliferate, the only certainty seems to be the degree to which different specialists disagree about the nature and extent of the threat.

Last year a task force under Pentagon auspices warned that U.S. forces might be vulnerable to "an electronic Pearl Harbor," meaning that enemies could suddenly destroy or damage so many networks and electronic functions that the U.S. administration and economy would collapse.

At the same time, however, the U.S. military relies increasingly on what strategists call "information dominance" to enable the United States to win wars on its own terms. Roughly speaking, the concept, also known as "the revolution in military affairs," rests on the idea that U.S. forces can rely on closely knit systems of networked

A super-weapon or an Achilles' heel for U.S. military?

computers as the basic weapon for winning wars.

The key to this military revolution is digitalization, allowing communications, pictures and artificial intelligence to be packed into a single system that embraces satellites, missiles and robots and ground troops. An overwhelming electronic advantage will allow the United States to read enemy codes — and even substitute false messages. High-precision missiles can knock out key installations, neutralizing enemy fire power. And satellites provide a complete picture (including license plates) of everything in a 100-mile by 100-mile battlefield. Thanks to miniaturization, each foot soldier gets a complete picture constantly of any immediate threats.

Ideally, the hope is that U.S. air, ground and sea forces can see and destroy enemy forces before they themselves are spotted.

"It's America's gift to warfare," says former Admiral William Owens, an influential theoretician. In his thinking, "info war" is usually offensive because only the United States has the ascendancy in data processing and miniaturization to rely heavily on information technology. Information gleaned by satellites can be shared instantaneously by commanders, air force interceptors and infantrymen on the ground.

In addition, the ability to overpower rival countries' electronics means that the United States can use the technology to launch stealthy, fast, devastating attacks on the military and civilian infrastructure of an enemy, from knocking out a country's communications to knocking out its missiles off course.

The promise of this new technology is so powerful that Admiral Owens has compared it with the old strategic importance of nuclear weapons. Just as the U.S. edge in nuclear strength was the basis for the Western alliance in the Cold War, today the near-U.S. monopoly of information technologies should provide a new basis for coalition between Washington and its allies if the United States offers to channel its information resources into guaranteeing

the security of its allies. The targets are myriad, especially if you go beyond the military and think about sabotaging services that depend on information technology by simply overloading them with requests until

their networks start to collapse. Potential targets include telecommunications, power and utility distribution, stock exchanges, banks, air traffic control, the International Revenue Service and Social Security — all these were named in

a recent CIA study of U.S. vulnerability in an info war.

Experts are constantly discovering new potential targets, and new limits. Just as the United States never sought a limited nuclear exchange with Moscow, it has refrained from using its electronic capabilities. It could, for example, hack into the electronic records of banks to wipe out all of Saddam Hussein's wealth stored in banks around the world. "You don't do things where you might be vulnerable to a counterattack of the same nature," a U.S. official said.

So where is the real concern of U.S. strategic planners? Offering some cautious generalizations, a senior U.S. military officer said in an interview recently at NATO headquarters that there was no realistic threat of a "War Games"-type operation or even of seeing hackers steal U.S. military secrets.

Of course, it still gets reported, as it did last month, when 11 U.S. military com-

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Why Europeans Lag in Using PCs

Computers in U.S. Do Far More and Are Cheaper

By Sharon Reier

PARIS — In the computer industry, where there are buzzwords for everything, the catch phrase is "the technology gap."

Microsoft and Bill Gates may be household names around the world, but the reality is that there is a dramatic gap between acceptance of information technology and personal computers in the United States as opposed to Europe. Statistics indicate that more than 45 percent of households own personal computers in the United States while only 23 percent do in Europe.

And in Japan, where the 20,000 Kanji characters made traditional personal computer keyboards difficult to use until recently, personal computer acceptance has also lagged with only 17 percent of households equipped with PCs.

So are Europeans and Japanese opting out of the information age? Are they 20th-century luddites, resisting technological imperialism from America rather than forsaking their cultural heritage?

Not exactly. Indications are that economic factors may be as important as cultural ones in slowing information technology's inroads. The economic slowdown throughout most of Europe is that personal computers cost more and do less than they do in the United States.

David Borden, vice president in charge of European consumer marketing at Compaq, explained the price differential this way: "In Europe, PCs are more expensive because of VAT, higher

labor costs and higher property rental costs for computer dealers." Compounding the problem, he reckoned, is that, on average, Europeans have 25 percent less disposable purchasing power after taxes.

"We have done surveys," Mr. Borden continued, "and we found that people are not willing to spend more than 5 percent of their total annual income on a PC."

Once they buy a personal computer, European consumers typically get less benefits from them. According to Ulrich Puhrsch, founder and CEO of Actebis, one of Germany's biggest computer distribution companies, the typical German consumer uses his home computer as much as 90 percent of the time for games, whereas his American counterpart uses his to find stock quotes, communicate with friends and business connections through e-mail and to search the Internet.

Many Americans regard their personal computer as a communications tool. In Europe, the Internet has not yet achieved critical mass, so it is primarily a computing tool and toy. "The root cause is the extremely high cost of telephone usage in Europe," Mr. Borden said. "There is a lack of availability of good cultural content," such as advice on where to go out in the evening.

This appears to be changing. France Telecom reports 1,000 subscribers a day signing up for its Wanadoo Internet service. And an initiative to transfer Minitel services onto the Internet may stimulate more PC use. In Germany, the number has grown to two million. But

that still lags far behind the United States, where nearly 100 percent of personal computers are equipped with modems — communications devices that allow the computer to hook up to the telephone system. In Europe modem use is under 50 percent.

Eliminating the economic factors by comparing computer usage at two prestigious multinational corporations, Bristol Myers in the United States and Nestle SA in Europe, one finds the so-called technology gap narrows significantly.

Requested to provide a log of their normal daily computer use, both Marlene Lichtman, a product manager for Vaseline hair care products, a Bristol-Myers subsidiary in Cleveland, and Benoit Marotte, group product manager for coffee products at cafés and vending machines at Nestle in Paris, produced remarkably similar routines.

Both managers logged on first thing in the morning and picked up their e-mail. Both used accounting software systems, inventory software systems with sales and product breakdowns. Both used their computers to write up reports on meetings. Both have portable computers that they take home most evenings for an extra two or three hours of work that may entail sales projections.

But there were differences. Mr. Marotte received an average of 20 to 25 e-mails a day, virtually all on company business. E-mail from social acquaintances, he remarked, "is not very common in France."

Continued on Page 12

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INFORMATION SOCIETY / A SPECIAL REPORT

Beijing's 'Backyard' Industry

Illegal Trade in Homemade Computers Thrives

By Richard Tomlinson

BEIJING — Swinging their truncheons, a dozen "intellectual property police" strode into action along Beijing's Zhongguancun street. At the sight of them, the hawkers of pirated compact discs and CD-Roms hurriedly gathered their wares and decamped.

"We're here to get rid of the software pirates," said one policeman. He appeared less concerned, however, about the hardware bandits along Zhongguancun, in the heart of Beijing's university district. The street is home to hundreds of computer stores.

At first glance, the businesses seem entirely legitimate. At one shop, for instance, licensed to sell IBM personal computers, the manager was horrified at the suggestion that he might also sell homemade or "backyard" models, as they are known. "There are people, usually foreigners, who ask us if we can assemble our own computers," he said. "We can't do this, because there are strict laws in China about who is allowed to make them."

Next door, however, Wu Qing, erstwhile movie stuntman turned backyard computer specialist, is less troubled by the rules. Mr. Wu, 24, says "it's easy" to assemble a computer. "You just take the bits from different computers, depending on what your customer wants. Most Chinese can't afford imported parts, so my computers generally have local or Taiwanese parts. When I have an order, I just call friends on the street to buy what I need."

After-sales service for backyard computers may be nonexistent, but product delivery is exceptional. Normally, Mr. Wu can build a computer from scratch in a matter of hours.

He and thousands of other backyard operators across China are kept in business by soaring domestic demand for personal computers. The Ministry of Electronics Industry estimates that last year around three million personal computers were sold in China; the latest forecast suggests sales will rise to 4.5 million units in 1998, and 10 million units by 2000.

Although many of these computers are sold to offices and factories, a growing number of China's upwardly mobile urban middle class are getting wired. Zhang Qi, a senior official at the Ministry of Electronics Industry, reported last year that around 5 percent of families in China's coastal cities own computers.

It is a three-tier market. At the top end are the major international brands like Compaq, IBM, AST and Hewlett-Packard, whose models can sell for as much as 25,000 yuan (\$3,000).

"These PCs are mainly aimed at foreigners and local Chinese yuppies," said Xu Yang, a 33-year-old Beijing businessman who bought a Compaq two years ago for 21,000 yuan. The Ministry of Electronics Industry estimates that foreign manufacturers claim about 40 percent of total market share.

Competing in the mid-price range are Legend, Great Wall, Tontu and Founder, the leading domestic PC manufacturers, as well as a host of Taiwanese brands such as Giant, Leo and Acer. These computers are typically 15 to 20 percent cheaper than the most basic international models and sell for around 10,000 yuan. And they are the kind that the new class of urban professionals on steady incomes can afford.

Legend, a venture by the Chinese Academy of Science, claims to have sold 433,860 computers last year, or 14.3 percent of total market share. Great Wall, the next largest mainland manufacturer, claims market share of 7.5 percent.

That still leaves plenty of space for hundreds of backyard operators such as Mr. Wu, who do business at the bottom end of the market. Prices change weekly, according to demand, but the unwritten rule for these operators is that they must always undercut the middle-ranking "legitimate" Chinese and Taiwanese manufacturers.

One do-it-yourself operator off Zhongguancun street even posted a cost breakdown for customers. For about \$950, he could assemble a personal computer that incorporated an Intel P-120 central processing unit, a SUGA monitor, and a 16-megabyte memory. "The price of the model is subject to

change according to the price of parts," the notice explained. Although few of these merchants will discuss profit margins, according to Xu Yang, the Compaq owner, these are generally around 50 percent.

As for the spare parts supply chain, Beijing's backyard operators can buy Intel-95 circuit board retails for less than \$100, with no questions asked, at Electronic World, a state-owned department store on Zhongguancun street.

A typical customer recently was Hua Xueyu, a 25-year-old computer dealer from Nanjing, who was inspecting circuit boards. Mr. Hua's principal concern was quality. "If you're an expert," he explained, "you can tell whether it's the genuine article from the serial number." Once satisfied, Mr. Hua proposed to buy 100 circuit boards for assembly at his workshop in Nanjing.

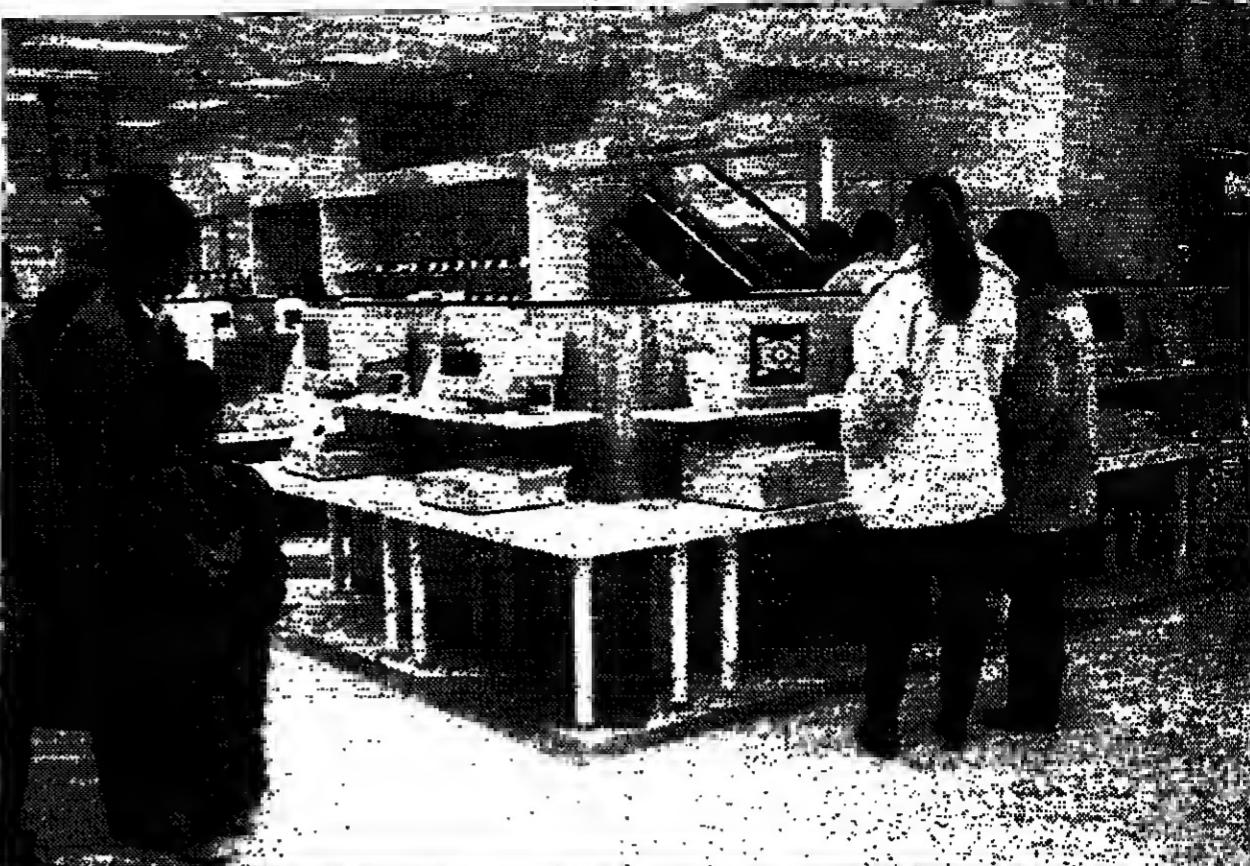
AND HOW did he market the end product? "Usually I put a Philips sticker on the outside frame," he said nonchalantly. "My customers like this brand."

Faced with such mass hardware plundering, legitimate manufacturers have so far adopted a surprisingly low-key response, at least compared with the criticism directed at China's software pirates.

Jochen Doering, head of corporate communications at Siemens Nixdorf, said last year that the company was staying "pretty cool" about the backyard industry. The argument made by Siemens-Nixdorf and off the record by other big computer makers is that the backyard operators are helping to build the market. In time, the argument runs, upwardly mobile Chinese will progress from unreliable, hastily assembled models to authentically branded personal computers with a proper after-sales service.

The pessimists, however, maintain that the backyard industry has to be tolerated because it is impossible to suppress, given the spiraling demand for cheap PCs and the token nature of the official "crackdowns."

RICHARD TOMLINSON is a journalist based in Beijing.



Chinese are avid buyers of home computers. Shanghai shoppers check out models at Yaohan department store. (Kyodo News International)

Mixed Signals From Asia Crisis

By Philip Segal

HONG KONG — The economic crisis in Asia is not as bad as it might seem, according to some technology executives, although the demand for personal computers in Indonesia is 50 percent below that of a year ago, and exports from electronics powerhouses such as Singapore are falling as well.

"I don't expect a turnaround soon," said Bruce McCabe at Dataquest in Sydney, an analyst who follows sales of PCs, desktop computers and low-end servers. Because governments and companies in Asia have just recently revised their purchasing budgets, "we really feel some of the impact hasn't even hit," he said.

But then ask Craig Batey, another analyst at the same firm, about the future for computer services in Asia, including systems integration, outsourcing of payroll, consulting and training. For him, the economic crisis has been nothing more than a "storm in a teacup." Indonesia, Thailand and Malaysia may have seen their currencies plunge, but together they make up no more than 7 percent of the Asia Pacific services market, which itself is only 5 percent of the world market for services.

"Even if we took a hit of 10 percent across the board, this is only half a percent in the world market, and we're not even forecasting that it will be that bad," said Mr. Batey.

Elsewhere, the picture is similarly mixed, because Asian technology companies export not only to the United States and Europe, but to other countries in Asia as well. Non-oil domestic exports from technology-heavy Singapore fell 0.5 percent in January, even though a weaker currency against the U.S. dollar is supposed to make exports grow. Export orders from Taiwan fell 14 percent in January compared with the same month in 1997, with orders from Hong Kong down 30 percent, a five-year low. Japan ordered 29 percent less. Scary statistics, but broken

down by sector, electronics orders were unchanged, and those for information and telecommunications products actually rose.

So far, the computer market in China has remained robust, as China's currency has not depreciated like almost all the others in East Asia over the last six months. But International Data Corp.'s head of China research, Karim Davisak, is not willing to predict a continuation this year of healthy market growth. The economic outlook in China, which some economists think could see its current fall by 25 percent this year or next, is simply too murky. Since 80 percent of China's overseas investment in 1997 came from the Asian region, problems in Hong Kong, Indonesia, Malaysia and Singapore are bound to have repercussions even in a country with a growth rate of 8 percent.

For every Kent Electronics, whose stock in the United States fell 28 percent in one day last month when the company warned that slow sales in Asia would cause fourth-quarter profits to fall, there are the Dell Computers and other kinds of technology companies that are not only riding out the Asian crisis, but perhaps even using it to open doors previously closed to them in the region.

Japan's NEC Corp. says it expects

total semiconductor sales to drop by 1 to 2 percent as a result of the Asian crisis,

and figures that demand is down by more than half in South Korea. The upside: with a vastly devalued currency and a domestic banking system up to its



Great Wall computers being assembled in Shenzhen. (Lynn Hamel/Sygma)

eyes in debt, South Korea will have trouble financing the constant improvements in technology needed to stay ahead in the semiconductor business.

That is what makes Paul Edstrom happy. He is senior vice president with Comdisco Electronics Group of California, which leases new and used semiconductor equipment made by the likes of Nikon and Novellus. For him, the Asian financial crisis may achieve what years of banging his head against a wall could not access to the vast South Korean market, which until now has been largely closed to foreign suppliers.

One reason for that is that leasing is part equipment business and part finance. Since Comdisco mixes debt and equity when it finances semiconductor equipment, it used to come up against South Korea's unfavorable tax laws and its barriers against foreign equity holdings in the country, some of the most restrictive in Asia.

BEFORE this year, Korea's chaebol, or conglomerates, banded most of the leasing in South Korea. Now, with the country in the midst of a mammoth credit crunch, foreign leasing companies are being treated much more kindly. "In the last 30 days, five of the top 10 equipment suppliers have come to us and said: 'Can you fix this for us?' We don't want to lose this order," said Mr. Edstrom.

Among foreign manufacturers and distributors in Asia, very few have announced that they are packing up and leaving until the going gets good again. For one thing, assets right now are extremely cheap. For another, customers will remember who was there for them when they were unable to pay their bills during the darkest days of the crisis. Compaq and Hewlett Packard are just two of the household names that have been busy investing in the Philippines, India and other parts of the region.

PHILIP SEGAL is the International Herald Tribune's correspondent in Hong Kong.

Trans-Atlantic 'Technology Gap'

Continued from Page 11

By contrast, Ms. Lichtman reported around 150 e-mails per day, including those from friends around the country. She also has a standing request with a Wall Street Journal information service to provide daily stock quotes and information on certain companies as well as to cull all articles daily related to beauty products. The service is free.

Mr. Marotti does not speak at all about stocks. When he requests industry intelligence about a competitor, his request goes through a Nestle department that handles documentation on economic trends and information interesting to Nestle in the press. The information is sent out on an inter-company computer network, or intranet.

These differences may seem negligible, but to computer industry insiders like Edward Jacobucci, chairman of Citrix Systems Inc., a U.S. software company that is experiencing strong growth in Europe, it reflects a distinct cultural tilt.

"In Europe," he said, "there is more acceptance by the end user at the ter-

minal that the computer is a tool, rather than the computer being a personal statement." He added, "The notion of liberating the end user to manipulate information on his own and equality for one and all is not very high on most Europeans' priority list. It seems to be an American phenomenon."

Mr. Jacobucci contends that the American attitude about personal computers has an inherent danger. "It supports a system of planned obsolescence," he said, comparing it to the auto industry in the 1950s and 1960s. "A new generation of PCs is introduced every 18 months and everyone clamors to replace the old one in order to be on the leading edge."

But if the European style of distributing data in a hierarchical fashion has prevented many European organizations from wholeheartedly embracing PCs, the reverse holds true in Japan.

Ben Bensaou, associate professor of information technology and management at INSEAD, the French management school, has studied the use of information technology in Japanese corporations, where mainframes and mini computers dominate and PC penetration is flat.

"If you measure the communication between a Japanese business unit and a Western unit," Mr. Bensaou said, "who gets the information would be different. In Japan, a lot of information is gathered by lower-level staff and shared and transmitted orally. A lot of information would be filtered by the staff before it reached senior managers."

This method better prepares Japanese companies for their cultural method of making corporate decisions. "Oral communication and its inherent high media richness," Mr. Bensaou said, "are better suited to resolve the ambiguity and equivocality involved in the critical process of building consensus, nurturing multiple internal coalitions and making deals."

In other words, data crunched takes a back seat to sound judgment and consensus.

In the end, predicted Mr. Bensaou, like most cultures, the Japanese will adopt the personal computer. "But they will want to adopt the technology without losing their soul."

SHARON REIER is a freelance journalist based in Europe.

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By Barbara Wall

MANCHESTER, ENGLAND — When Sarah Jackson offered a free home banking software to her local bank here, she accepted with some reluctance. Still, she and her husband, with two small children, have decided to bank every Friday afternoon, she says. She uses the home banking system for simple transactions like paying bills, moving money between accounts and download statements. A process that used

With Eu

By Tom Buerkle

LONDON — The imminent introduction of a single European currency is likely to be a boon for Europe's technology industry, but it remains to be seen how many institutions will be able to adapt to the new currency. Some companies and others will spend an estimated \$1 billion to prepare for the single currency. Roughly half that amount will be spent on computer services and software to modify existing systems to accommodate accounting and financial systems. Banks and other financial institutions will spend an estimated \$1 billion to prepare for the single currency. Roughly half that amount will be spent on computer services and software to modify existing systems to accommodate accounting and financial systems. Banks and other financial institutions will spend an estimated \$1 billion to prepare for the single currency. Roughly half that amount will be spent on computer services and software to modify existing systems to accommodate accounting and financial systems. 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INFORMATION SOCIETY / A SPECIAL REPORT

By Internet or by Phone, Ways to Bank From Home Multiply

By Barbara Wall

MANCHESTER, England — When Sara James was offered a free home banking software program from her local bank here, she accepted the gift with some reluctance. Still, she signed on and has not set foot in a bank since.

"With two small children to care for and a business to run I have better things to do with my time than stand in line at the bank every Friday afternoon," Mrs. James said. She uses the home banking program for simple transactions such as paying bills, moving money between accounts and downloading account statements. A process that used to take

two hours on a Friday afternoon, now takes 10 minutes on Friday evening.

To bank on-line need a PC, modem link and a proprietary home banking software program or a personal finance software program such as Quicken by Intuit/Microsoft's Money. Some banks supply software free of charge and levy a monthly fee of about \$6, but due to pricing pressure from branchless bank, the Internet many retail banks are going their fees.

The number banks on the Internet has mushroomed the past 12 months. Many have a site that provides details of a few products, but not much else. Borrowing number offer a full service, using bill payments, money transfers a comprehensive

range of discounted savings products. One attraction of banking on the Internet is that you avoid all the fancy graphics and other add-on financial planning tools that can make some home banking software programs seem complicated to use. Interest rates on savings products are generally more competitive than the rates offered by retail banks.

This is because many of the Internet banks do not have branches to pay for and can pass on their savings to customers.

Atlanta Internet Bank pays a rate of 4 percent on its checking accounts provided clients maintain a minimum balance of \$100. The standard rate offered by U.S. retail banks is generally 1.5 percent to 2.5 percent. For a monthly fee of \$4.50, Atlanta customers can also

pay as many bills as they like on-line. Security First Network Bank pays 2.5 percent on its checking accounts and, provided clients maintain a balance of \$5,000, they can have access to an unlimited bill-paying facility.

"As well as competing on rates, Internet banks are attempting to build on customer relationships by offering a number of nonbank-related services," said Bob Callender, a spokesman for European Banking Research in London. "Rabobank in the Netherlands was the first European bank to set up as an Internet service provider. Instead of getting an Internet connection through traditional channels, customers can get the connection through the bank."

For those who do not have access to a

PC, there is always telephone banking. Most banks allow customers to conduct business by phone.

ING Direct, a subsidiary of ING Groep NV, operates from a call center in the suburbs of Toronto. There are no fees or service charges, and the interest rates are among the most competitive in Canada, according to bank analysts.

If you like the simplicity of banking by telephone, but would like to download account details on to a screen, screen phones are a relatively inexpensive alternative to PC banking. More than 80 banks in the United States offer customers this facility. A screen phone is a small computerized terminal linked to the telephone that allows users to key in account details, execute money transfers

and pay bills. The terminals cost about \$100, and banks generally charge a monthly on-line service fee of about \$5.

Screen phones have been popular in France and Germany for many years. The French Minitel and German T-Online systems are public access computerized information networks run by divisions of France Telecom and Deutsche Telekom.

Consumers use these systems as a source of information for on-line banking and on-line shopping. Any purchases made on-line are added to the consumer's monthly telephone bill. The telecom companies charge a small monthly terminal fee of about \$5 for the terminal.

BARBARA WALL is a journalist specializing in personal finance.

With Euro Almost Here, Companies Scramble to Get Ready on Time

By Tom Buerkle

LONDON — The imminent start of monetary union is proving to be a boon for Europe's IT industry, but it remains unclear just how many institutions will truly be ready when the euro arrives in just over nine months' time.

Banks, companies and other organizations will spend an estimated \$80 billion to prepare for the single currency. Roughly half that amount will be spent on computer services and information technology to modify everything from corporate accounting and billing systems to automated teller networks.

Banks and other financial institutions are understandably in the lead, given that their very survival will depend on their ability to handle transactions in euro from Jan. 1, 1999, at least for wholesale transactions. Spain's Banco Bilbao Vizcaya, for example, will complete a two-year, 12-billion-peseta (\$77.6-million) overhaul of its computer software, payment systems and automated teller network in June to ensure that its systems are fully tested and debugged by January, says Marta Alba, a member of the bank's euro team.

Corporations present a more mixed picture, with many taking advantage of the no compulsion rule regarding the three-year transition period to adapt their systems for the euro as their budgets and personnel permit. The most notable is International Business Machines Corp., which stunned many in the industry recently when it acknowledged it would put off some preparations until 2001 to devote its stretched IT resources to solving year 2000 problems.

Ironically, the biggest wild card is government's euro's advent may reflect the wit Europe's political leaders more than economic logic, but it's uncertain when government ministries will ready to lead on.

Only six of the expected 11 euro countries have issued plans for their transition and many of them will not be ready January. The delay is frustrating business executives, who see the ability to report results and pay taxes in a single currency across Europe as one of the most tangible, cost-saving benefit of the euro.

The computer industry has a terrible record of performing on big jobs — they're always running late," said Robin Guenier, the head of Task Force 2000, a nonprofit body helping British companies grapple with the millennium bug. He has urged the British government to seek a postponement of the euro's launch until after 2000, a call Mr. Guenier hopes will dramatize the situation even if it is rejected out of hand.

Colin Stringer, senior manager of euro transition services at Cap Gemini Sogeti, warns that companies which delay euro preparations to concentrate on the millennium bug could be overwhelmed by the competition even before the year 2000 arrives. That's especially true in financial services, he said, predicting that "people will move very quickly to banks that are offering the best service."

Many big banks have opted for the most complete solutions, seeing the

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Many big banks have opted for the

euro as an opportunity both to upgrade their data-processing capability and to win new customers. Banco Bilbao Vizcaya will provide euro services beginning in January to anyone who wants them, including individual account holders, and will list the euro value of every transaction alongside its peseta value at least through 2002.

Other companies are looking for ways to take advantage of the changes and prevent their euro transition costs from being just a one-time tax. Zambon, which had sales of \$350 million in 1996, is spending \$1.6 million, or virtually its entire IT budget, on the euro and year

2000. The company regards euro preparations as a spur to rethinking and streamlining its supplier and distribution networks. "It gives us the opportunity for increased centralization," Mr. Ferguson said.

Siemens AG, the German electronics and engineering giant, sees the euro "as an opportunity to streamline its software and establish a foundation for the seamless transition to the year 2000," said Michael Sen, a member of the company's euro team. Siemens also expects to recoup its euro costs of more than 100 million Deutsche marks (\$55 million) in three years by reducing currency hedging and transactions costs and improving cash management through the consolidation of its myriad bank accounts across Europe.

Of course, one person's cost is another's gain, and computer programmers and software companies are reaping the benefits of all the euro activity. In London, demand from the financial services industry has driven up programmers' salaries by as much as 50 percent in the past year, and HSBC Holdings PLC has had to let some of its IT experts do outside work or shift to a consultant basis to retain their services, bank executives say.

Hyperion Software Corp., a leading U.S.-based supplier of software for budgeting and business analysis, says the euro is boosting its sales in Europe. Companies are "looking to stretch the use of our software to see where they can get a competitive advantage" out of monetary union, said Matthew Goldsbrough, the company's European marketing director.

TOM BUERKLE is the International Herald Tribune's London correspondent.

By Andrew Ross Sorkin

LONDON — The arrival of the euro, Europe's single currency, on Jan. 1, 1999, could have serious consequences for the computer systems of financial institutions just about any company that deals in foreign currencies and exchange rates.

Compared with the much publicized year 2000 problem, which can set computers back of 1900 instead of recognizing 2000, the euro poses a greater number of technological problems, experts say.

"If it takes a coin if it has anything to do with money at all," said Martha Bennett, vice president of Giga Information Group in London, "reality becomes very uncomfortable."

European money union, which

will set the value of the euro against the currencies of the participating countries, has stipulated that there will be a transition period from 1999 to 2003. During that time, financial institutions and other companies will have to be able to deal with two sets of currencies: the euro and the local money.

This is expected to be a headache because most software packages can handle only one currency at a time. Moreover, when converting money during the transition period, the arithmetic is different, and more complicated, than in simply converting one currency into another.

For example, if you converted a French franc into a German mark today, you would multiply the franc by another number to get a mark. But under Economic and Monetary Union rules, during the transition period you would have to

convert a franc into a euro, round the number, and then convert the euro into a mark and round again. This type of conversion is known as triangulation. Unfortunately, most computer systems were never designed to handle triangulation.

Another problem arises when computers have to deal with decimal places. For example, some currencies, like the Italian lira, have no decimal places, therefore making Italian-only systems obsolete. But the monetary union has said that all systems will have to be able to account for six significant decimal places, making most systems, which now account for two, out of date.

The rounding of numbers adds to the confusion. Some rounding occurs in every currency conversion, but a rounded number is inherently less accurate than the original. Some companies plan to convert decades of historical financial data into euros to chart past, current and future performance. "When you have a company convert their history, the numbers become almost meaningless because they will never be completely accurate," Ms. Bennett said.

Other problems include adding the euro's character to font sets, printer drivers and keyboards. Automated teller machines will have to be overhauled to include the character on their screens.

"The year 2000 is one singular problem, with one singular fix," said Nick Jones, research director of Garner Group Europe, a technology advisory and research firm. "The euro opens up so many problems. They are more than just technology issues. They are strategic business issues."

ANDREW ROSS SORKIN is on the staff of the New York Times.

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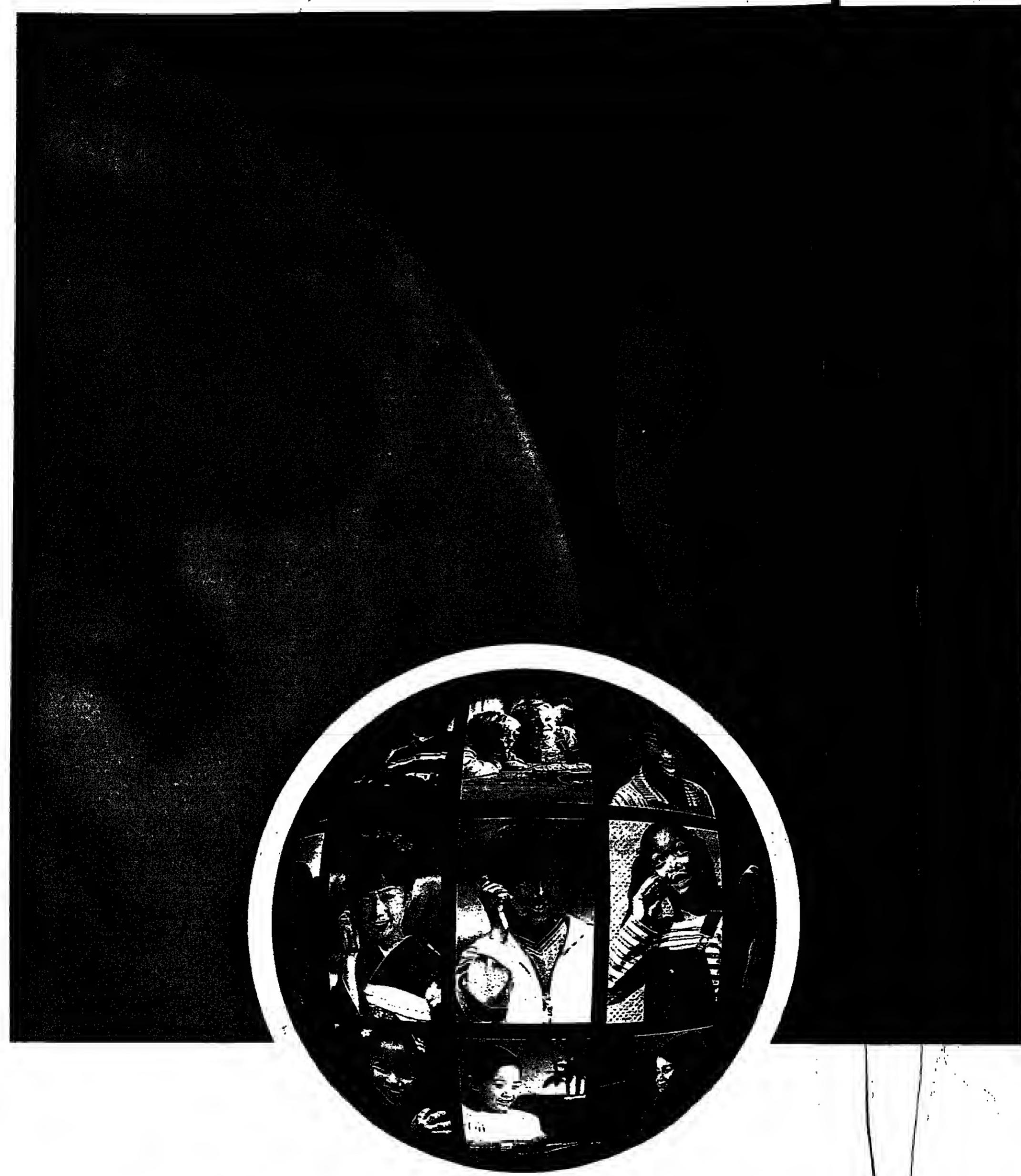
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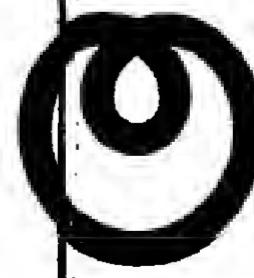
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Comp

Computers have tr...

By Erik

NEW YORK — Cades and billions of dollars after information. This is grip on the consumers and businesses in one critical area it has. Its long-awaited activity, the key to higher and low inflation — long expected and in the United States, in early 1970s — the computer age — prices finally fell into a 20 percent years, production sped up again in ased upon as (below) per of computers. Growth has merely regained 1950s and 1960s, an era and popping up on many floors, super-computers much more prevalent. Economists apologize

Crisis

By Don

AEDOK SCIENCE South Korea's information technology center has days is whether the industry can still stand needed to continue funded 25 years ago to tech powers. South Korea and Japan, Taeok Science Park was established 1973 during the Park Chung Hee government, business and work together to national rivals were still. While individual members might not have been the end they were blamed for the sake of no other way. In a such "rapid development of technology and technology by the development. The are currently 11 public and 28 private research centers and Taeok Science Park spans 19 kilometers (90 miles).

Multimed

Continued from Page

instead of paying one of the companies to put the call through. The completion of a single currency in 11 EU countries, starting in January 1999, will mean that all calls will be international ones.

At the start of this year, a signed last year's World Telecommunications Basic Agreement, which began negotiations in 1994, to combat foreign investment that have signed the agreement for 93 percent of telecommunications revenue. Some of all international telephone traffic now passes through circuits which permit

REGULATION Periods are making the way telecommunications operators to now phone tariffs are based on the length of time the market would have been sovereign in them and established negotiated settle

The EU and WTO are moving toward a multilateral agreement makes the price of information delivery sent from New York by fax costs around 10 cents via Internet over a telephone line at a rate of 15 percent, at least three times as

INFORMATION SOCIETY / A SPECIAL REPORT

Computers Have Yet to Deliver the Big Payoff in Productivity



Computers have transformed the workplace, but their long-expected kick to productivity has yet to materialize. At left, a French accounting office in the mid-1930s; at right, Agence France-Presse's offices today in Paris.



By Erik Ipsen

NEW YORK — Several decades and hundreds of billions of dollars after it began, the information age still maintains its grip on the imaginations of consumers and businessmen alike, but in one critical area it has never caught fire. Its long-awaited kick to productivity, the key to higher living standards and low inflation, remains just that — long expected and still elusive.

In the United States, for instance, in the early 1970s — the dawn of the computer age — productivity growth actually fell into a 20-year swoon. In recent years, productivity growth has stepped up again in a development seized upon as (belated) proof of the power of computers. Growing today at 2 percent per annum, though, productivity has merely regained its pace of the 1950s and 1960s, an era long before PCs started popping up on desk tops and factory floors, supposedly making us all so much more productive.

Economists apologize. Part of the

problem they explain is that productivity gains are notoriously hard to measure especially in the service sector that makes up the bulk of modern economies. "The main problem, though," said Chris Freeman, emeritus professor of science policy at Sussex University in England, "is that the gains have just not been that great."

Like many others, L.L. Bean, the Maine-based, Web-present, mail-order house, has a surprisingly hard time pinning down the precise benefits of technology. Asked for examples of the gains reaped by its large multiyear investments in computers and state-of-the-art phone systems, the company couldn't.

"I am surprised, but I just go blank stares from the people I spoke to here," said Catherine Hartnett, the company spokesperson. After years not of revolutionary change that suddenly drew them out of the dark ages, but of systems upgrades and more incremental sorts of change, she confessed it is "difficult to say" how much has been gained.

In some cases nothing at all. A. Gary Shilling, head of the eponymous New Jersey-based economic consulting firm,

points to a study of the American life insurance industry in the 1980s. Then, as companies spent lavishly to put PCs on practically every desk, productivity actually fell.

Mr. Shilling complains that his firm had to make a significant investment in technology so that it could get important government economic reports as soon as they were released in Washington. "The problem is that it doesn't do us any good since everyone else made the same investment," he said.

It is a common tale. Shane Greenstein, a professor at Northwestern University's Kellogg School of Management, notes that today "many companies invest in technology just to keep up with their rivals not to increase their profits."

He cites as an example his father, an accountant who takes his portable PC to his clients' offices to do their accounts on the spot. Although his clients prefer this service, since other accountants do the same thing, no one can charge extra for the added convenience. In such cases, neither the company nor the productivity statistics gain. "The benefits

frequently get transferred to the end users in terms of better quality products and services," said Mr. Greenstein.

Some experts insist that technology may at times actually retard productivity. Elisabeth Broeck-Rocha, chief European economist with S&P/DRI in Brussels, cites recent studies suggesting that office workers increasingly fritter away valuable time surfing the Net.

LIKE MANY other executives, she also muses disapprovingly on how PCs have taken much of the typing off the secretary's desk and piled it on the boss's. "We did more secretarial tasks than we did before," she said.

For the true believers in the miracle of the micro chip, technology's minimal impact on productivity to date marks a disappointment but certainly not a defeat. They still predict that the computer revolution will have a bigger impact on productivity than even the Industrial Revolution. Unlike the steam engine, for instance, which a century after its invention had gained little in efficiency and lost little in bulk, they note that

today's computers are doubling in capacity and halving in price every couple of years. And their applications, from car navigation systems to heart monitors, are almost limitless.

John Lewellen, chief global economist at Lehman Brothers in London, insists that the revolution needs more time. "What we are up against here is human not technological speed limits," he said, noting that new technologies require new ways of managing and new ways of working as well.

The most eager to adopt the new technology have been in the high-tech industry itself. There competition is keen and openness to new ideas high, and so, too, is productivity. Experts say that far bigger leaps in productivity lie ahead, when new technologies are adopted by larger and more complex organizations like big city hospitals. The problem is that the larger and more complex the organization, the more reluctant it is to endure the upheaval of putting a new computer system in place.

Although it may seem like computers have become central to the functioning of the economy, they have not. Personal

computers and the more powerful mini-computers account for only 3 percent of the value of the assets of America's industrial companies.

"I personally think that we are getting a big productivity bang for the bucks we have invested in computers," said Frank Lichtenberg, professor at Columbia University Business School. "But it is not that many bucks."

Part of the problem is that those investments are constantly being swayed away by obsolescence. It destroys the value of computer programs, systems and networks at a pace never dreamed of with the capital investments of a generation ago.

Exacerbating the problem are the sums spent simply on fixing mistakes. The industry's habit of recording years as two digits, not four, in millions of computer programs, the so-called year 2000 problem, will cost well over \$100 billion to fix. Earlier this month, Citibank put the tab to fix its own year 2000 problem at \$600 million.

ERIK IPSEN is a journalist based in New York.

Crisis Puts Squeeze on High-Tech Research at South Korean Center

By Don Kirk

TAEDOK SCIENCE TOWN, South Korea — At South Korea's information technology center here, the question these days is whether the government and industry can still come up with the funds needed to continue the drive launched 25 years ago to turn Korea into a high-tech powerhouse on a par with the West and Japan.

Taedok Science Town was established in 1973 during the rule of the late President Park Chung Hee who decreed that government, business and industry would work together to do what their international rivals were doing so profitably. While individual institutes and researchers might compete with one another, in the end they were to share what they learned for the sake of the nation.

There was no other way, the planners said, to match "rapid developments in science and technology and protection of technology by the developed nations."

There are currently 17 government facilities and 28 private research institutes at Taedok Science Town, on the northern fringes of the city of Taejon about 150 kilometers (90 miles) south of



One of Taedok Science Town robots entertained bystanders at recent fair.

Seoul. But a question mark hangs over their future.

"We have a very difficult situation financially," acknowledged Kang Pil Koo, an official in the Korea Science and Engineering Foundation, the government-backed nonprofit organization that serves as a conduit between the two

research of academic scientists and their commercial exploitation by industry. He added that Korea's new president, Kim Dae Jung, "emphasizes small government and downsizing, but he also stresses science and technology."

At the Systems Engineering Research Institute, the new emphasis means the

budget for research and development, in Korean won, this year is about three quarters of what it was last year.

With the won worth about half as much in dollars now as it was a year ago, however, the institute's budget in dollar terms comes to less than \$30 million — a pittance for the kind of research it conducts in information processing, software engineering, information security and computer and system software.

The institute nearly lost funding when the new government's transition team at first tried to eliminate the Ministry of Information and Communications, which provides most of the institute's funds.

Shin Gyu Sang, head of the software engineering department of the institute's object-oriented development laboratory, said that eventually the new government realized its importance.

Mr. Shin acknowledged that Korea lags well behind the West in most areas of information technology. However, he cited two areas where he believed the institute has excelled.

"Color-imaging developed by this institute may be the best in the world," he said, adding that "this technology has just been transferred to a private company" and might be commercialized by the end of the year.

In addition, information-processing for translating English to Hangul, the Korean writing system, and Hangul to English is, he said, "the most advanced field" now under study at the institute.

Mr. Shin said that researchers have come up with a program that is able to translate 40 percent of a text. By the end of the year, he said, that rate will be 80 to 90 percent in specialized areas, such as simply written technical manuals or business letters.

Companies in the West have programs for translating Western languages, he added, but a Hangul-English program is difficult because "the structures of Korean and English are very different." The task represents a major step from the institute's success in developing a program for translating Hangul to Japanese, which has basically the same structure.

At the Korean Advanced Institute of Science and Technology, a university within Taedok Science Town, Cho Jung Wan, chief of the center for artificial intelligence research, said members of his team were working on "machine translation."

CURRENTLY, he said, the state of the art in machine translation was translating middle school texts into Hangul from English and Hangul into English. The next step for the computer to be able to translate manuals from English into Hangul. Researchers at Mr. Cho's center are also working on speech recognition, handwritten character recognition and robotics.

Producing a program that is capable of functioning by the sound of a voice is a huge challenge. "Isolated word recognition is easy," Mr. Cho said, "but general continuous recognition is still 10 or 20 years away."

Nonetheless, he believes Korean researchers "are very competitive with Japan and the United States in quite a few areas." He cited handwritten character recognition as an example.

But researchers in such advanced fields are handicapped by time and money. Cash-strapped companies say they have no funds to invest in projects that may take many years to turn out

commercially viable results. "The research centers of the *chaebol* are working two or three years ahead of their business," Mr. Cho said. "We are looking a little further than that, maybe five or 10 years."

A year or so ago, before the current economic crisis, both government and industry agreed on the value of long-term research. "Now we are experiencing serious financial problems," Mr. Cho said. "Projects from industry and government sources are getting fewer. Some of the big *chaebol* don't want to continue their research here."

It was only about three years ago, said Mr. Shin, that the bureaucrats in Seoul began to wake up to the importance of long-range research on information technology. "National interest in the software industry was very low," he said. "They thought software couldn't follow advanced countries like the United States and Japan. We Koreans have been very weak in software technology, but now our policymakers are acknowledging its importance."

After all, "without software other areas could not advance very well," Mr. Shin argued. "Most hardware relies on software technology." That is a lesson researchers here hope will not be forgotten as the country struggles through its financial crisis.

Already at most institutes here, the lights are out in most offices and corridors except when absolutely needed.

"It is a new policy," said Mr. Cho, fumbling for a light switch as he showed a visitor around on an overcast day. "We have to save in every way we can."

DON KIRK is the International Herald Tribune's special correspondent in Seoul.

Multimedia Changes Speed Up

Continued from Page 11

instead of paying one of the former local monopolies to put the call through.

The completion of a single market by a single currency in 11 EU countries on Jan. 1, 1999, will mean that international calls will be increasingly seen as domestic ones.

At the start of this year, the countries that signed last year's World Trade Organization basic telecommunications agreement began progressively opening their markets to competitive entry and increased foreign investment. The 72 nations that have signed the agreement account for 93 percent of global telecommunications revenue, and three-quarters of all international telecommunications traffic now originates in countries which permit competition.

DREGULATION and competition are radically changing the way telecommunications operators do business. Up to now, phone tariffs have been broadly based on the length of a call and the distance of the connection — or whatever the market would bear. Carriers were sovereign in their own countries, and established tariffs according to bilaterally negotiated settlement payments. The EU and WTO agreements signaled the end of that system and a move toward multilateral payments structure.

Technology makes the price of conveying information derisory. A 42-page document sent from New York to Tokyo by fax costs around \$30, but a few cents via Internet over the same lines. International telephone calls, increasing at a rate of 15 percent a year, cost at least three times as much as



Motorola's Starac 8600 VIP cell phone weighs only 3.1 ounces.

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The ITU argues that what developing countries might lose by giving up their monopoly systems would eventually be more than compensated by the growth in traffic created by deregulation and competition.

In his Los Angeles speech, Mr. Tarjameh said the coming together of telecommunications, broadcasting and computers will have to reconcile three different points of view. The telecommunications industry envisages a multimedia network conveying data, video, voice and text. The computer industry sees a network that will facilitate high-speed data access and retrieval. The broadcasting industry foresees interactive television combining entertainment with home shopping and banking, business services and education.

Such great regulatory, technical and cultural challenges lie ahead that it would be futile to predict the exact shape of future networks.

But Mr. Tarjameh said the boundaries that previously divided industries, people and continents are breaking down fast.

Advances in technology, globalization and demands for new, better and cheaper services are bringing about a convergence between previously separate industries and previously separate markets.

BARRY JAMES is on the staff of the International Herald Tribune.

Continued from Page 11

puter systems were breached by hackers in one month. But the U.S. officer, who handles the planning for dealing with such problems, said that "everything in our classified systems is redundant. All of it can be compartmentalized and run with another system if we feel one area has been compromised."

Speaking on condition that he not be identified, he said that, in contrast to some alarmist reports, the U.S. military does have detection technologies monitoring all hacking attacks on government computers, said that "everything in our classified systems is redundant. All of it can be compartmentalized and run with another system if we feel one area has been compromised."

What worries the U.S. high command, he said, are two things: the gap opening between the United States and its allies, and the gap between military and civil practice.

Now that the United States has gone on the offensive, it has not only refined its spy satellites — digitalization has become so miniaturized that a U.S. company is trying to develop a drone the size of a cigarette pack — but also succeeded in joining the big battle management systems.

systems to communications gear light enough to be carried by a font soldier.

The implications of these developments are momentous. A single infantryman is now able to elude enemy troops and direct his own fire to deadly effect and often from a safe distance.

Hackers also pose a threat to civil systems.

In other words, the stand-off warfare so visible in the Gulf War with precision-guided missiles will also become increasingly prevalent in ground wars.

But U.S. troops may soon find it impractical to cooperate on the battlefield with NATO allies. None of the European countries, analysts said, is going to be able to afford to develop the information technologies to a degree that will enable its troops to keep up with American troops.

The solution, the U.S. officer said, lies in the very cheapness of computing power these days. "It's going to be possible for us to share with our allies a lot of basic information for almost no cost, thus enabling them to operate with us in the battlefield even though on their

own they would never have the capability to see around them for hundreds of miles the way our forces will do."

A less soluble problem, however, goes back to the threat of hackers. "What worries me are all the civil systems that we depend on in emergencies such as wartime brings, or even just to keep our system going," the admiral said.

Another military specialist elaborated: "Suppose you get a virus put into a system, the kind we call a logic bomb, that makes the codes at a certain point start wrapping around each other so that traffic lights and other utilities stop working in a city where you're trying to land forces?"

A third officer cited the dramatic freeze in civil air traffic for several hours last summer on the day when air traffic control systems went down.

Last autumn, a presidential commission, set up to study how to safeguard U.S. electronic infrastructure, reported that the country is dangerously ill-prepared to defend itself against electronic war. It urged greater cooperation between experts in the public and private sectors to help identify patterns in hacker attacks, and greater spending on protection.

JOSEPH FITCHETT is on the staff of the International Herald Tribune.

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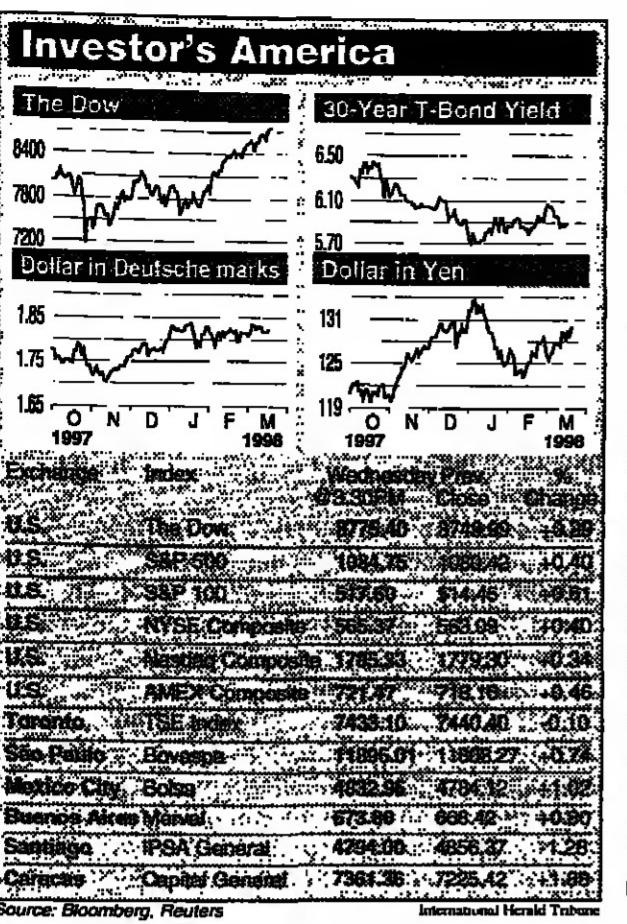
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12 Month												12 Month												
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174	174	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
144	14	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
278	21	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
110	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
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120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	
120	10	AEG Int'l	.24	24	215	175	74	55	55	5														

THE AMERICAS



Source: Bloomberg, Reuters

By John Markoff
New York Times Service

SAN FRANCISCO — The most popular software for routing and delivering e-mail on the Internet is being armed with a powerful set of tools to fight the unsolicited junk electronic mail known as spam, which is increasingly bedeviling cyberspace.

The war over spam has pitted computer users, privacy rights activists and Internet service providers against companies like Cyber Promotions and Quantum Communications, which fire off millions of advertisements each day in the form of e-mail messages.

Not only are most spam messages unwelcome, but their sheer volume — now estimated to account for about 10 percent of all e-mail worldwide — frequently clogs the electronic pipes through which all data on the global computer network must pass, slowing the entire system.

Now, Sendmail, the electronic post office software used on about 75 percent of the

computers that route e-mail messages to their proper recipients on the Internet, is being fitted for battle with the spammers.

On Tuesday, Sendmail's author, Eric Allman, announced the addition of anti-spam tools to version 8.9 of the software as part of his plan to create a company that will continue to develop new features for the free version of the program and sell software and support services to business users.

Mr. Allman created Sendmail while he was working as a Unix programmer at the University of California at Berkeley in 1981 and made it freely available to the thousands of administrators and computer researchers who have built and who maintain the Internet.

In recent years, the program, which has been developed based on the Internet's tradition of cooperation, has been used by spammers to stuff the mailboxes of Internet users with messages promoting get-rich-quick schemes, weight-loss plans and advertisements for pornography, among other unwanted come-ons.

The problem is becoming serious for some of the largest Internet service providers in the United States. For example, officials at UUNET, the big Internet provider that is part of WorldCom Inc., said that at the end of 1998 they had seen their mail volume double, and they estimated that at certain times, as much as 50 percent of that traffic was spam.

"It's a real war," said Kyle Jones, a senior systems analyst at UUNET.

California Lawmakers Fight Back

Matt Richel of The New York Times reported:

In California, spamming may come at a price — \$500 per unsolicited message. That is the penalty proposed in an anti-spam bill being heard this week by a State Assembly committee. More generally, it is the latest shot in what appears to be a growing assault on unsolicited e-mail advertisers.

Over the next two weeks, a consumer protection committee of the California legislature is scheduled to hear three bills. They are the first attempts to regulate spam in California, which does not presently have a law that addresses unsolicited e-mail.

There are several bills pending before the U.S. Congress to regulate spam, including one that would ban it. Last summer, Nevada became the first state to regulate spam; Washington state recently passed its own bill.

Chase Plans To Eliminate 4,500 Jobs

The Associated Press

NEW YORK — Cost-cutting plans will eliminate 4,500 jobs at Chase Manhattan Corp., 50 percent more than America's largest bank had previously announced.

Some of the savings derived from the cuts will be plowed back into growth areas of the business and used to "create a substantial number of new jobs" bringing actual job losses down to 2,200, Thomas Labrecque, Chase's president and chief operating officer, said.

The cuts will save about \$460 million a year, Chase said, and the bank will take a charge against profits of about \$320 million, after taxes, for the first quarter to pay for severance and other expenses tied to the layoffs, which are the biggest since Chase merged with Chemical Banking Corp. in 1996.

Chase also said it might add workers to its mortgage-servicing and credit-card units.

Chase reiterated a plan, announced earlier, to create a single national consumer-services network, as well as a plan to streamline the bank's management structure and speed decision-making.

The layoffs will be made over 18 months. About half of the job cuts will be made in the New York City metropolitan area, where about half of Chase's 69,000 employees worldwide work.

Merrill Takeover Talk Lifts Stocks

Compiled by Our Staff From Dispatches

NEW YORK — Speculation over a takeover of the investment bank Merrill Lynch helped lift U.S. stocks into record territory Wednesday.

Merrill Lynch shares shot up on rumors that Chase Manhattan would bid for the finance company. The increase offset setbacks among paper and retail stocks and new concerns related to the Asian financial crisis.

In late trading, the Dow Jones industrial average was up 13.45 points, at 8,763.44, while the broader-based Standard & Poor's 500-stock index was up 3.24 points, at 1,083.69.

The technology-heavy Nasdaq Composite index was up 4.51 points at 1,783.81, despite a warning by Bay Networks that its profit would not meet Wall Street expectations.

Retailers declined after a report

that store sales fell 0.9 percent in the last week, a sign that the U.S. economy might be slowing.

Brokerages gained on the Merrill takeover speculation and expectations that banks will copy Chase Manhattan's cost-cutting measures that led it to announce 4,500 job cuts over the next 18 months.

"What Chase is saying is despite all the mergers and all the layoffs," Mr. Farrell said, "there's still more to be done. And if there are costs to be cut, that's going to show up as a positive in earnings."

Bonds fell after a Federal Reserve Board report rekindled concern

that the robust U.S. labor market could quicken inflation. In a regional outlook, the Fed said

growth was moderating in some parts of the country and inflation pressures remained "easily calm."

"It was a little surprising the sense of urgency on the labor market side," said Patrick Dimick of UBS Securities.

The benchmark 30-year Treasury bond fell 9/32 to 103 1/32,

raising its yield to 5.90 percent from 5.88 percent. (Bloomberg, AP)

Bridge Sees 'Efficiencies' At Data Wire

Compiled by Our Staff From Dispatches

NEW YORK — Bridge Information Systems Inc. signaled Wednesday that it may lay off workers after it completes a deal to buy Dow Jones Markets, a financial-information service, from Dow Jones & Co.

The publishing group agreed late Tuesday to sell its unprofitable unit, formerly known as Telerate, to Bridge for \$510 million in cash and stock.

The terms of the agreement call for Bridge, which is expanding rapidly, to pay \$360 million in cash and \$150 million in five-year, convertible preferred stock. Bridge is owned by Welsh, Carson, Anderson & Stowe, a closely held investment firm.

"There are probably going to be some efficiencies that Bridge will take advantage of," a spokesman for the company said when asked about any planned layoffs.

But, he added, "We are going to run that unit intact. There are no plans today to go out and lay a bunch of people off. There are no systematic plans for any layoffs."

With the sale, Dow Jones sheds a money-losing unit that led it to take a \$922.5 million charge in the fourth quarter to write down the value of its initial \$1.6 billion purchase of Telerate. (Bloomberg, Reuters)

EU Unveils Plan for Eastern Europe

The European Commission on Wednesday outlined a plan for development funds to help the poorer member states that are to join the European Union.

The plan, which may be applied to 12 of the 15 EU countries, the German, French, Italian, Spanish, Portuguese, Greek, Polish, Czech, Hungarian, Estonian and Latvian republics, is to be implemented in four years.

Under the plan, the EU will contribute \$10 billion to the fund, which will be matched by the member states.

EU officials said the plan will be used to underwrite infrastructure projects such as roads, railroads, ports and water treatment facilities.

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Yen Falls as Hopes for Tax Cut Recede

Bloomberg News

NEW YORK — The dollar surged against the yen Wednesday after an official in Tokyo said the government was unlikely to cut taxes, fueling expectations the Japanese economy was sliding into recession.

Plunging Japanese stocks and record low bond yields also kept investors wary of yen-denominated assets and the Japanese currency.

Yen fell to 117.70, down from 118.89 on Tuesday.

Taku Yamasaki, an official of the Liberal Democratic Party, said he

doubted the party would include income-tax cuts in its next economic package, which will be delayed past its expected March 20 release.

Against other major currencies, the dollar rose to 1.8265 DM from 1.8189 DM to 6,120.11 French francs from 6,098.5 francs and to 1,479.10 Swiss francs from 1,479.3 francs. The pound fell to \$1.6718 from

\$1.6743. (Bloomberg, AP)

INTERNATIONAL FUTURES

March 18, 1998

High Low Latest Chg Chg Opn

Grains

High Low Latest Chg Chg Opn

Metals

High Low Latest Chg Chg Opn

Industrials

High Low Latest Chg Chg Opn

Naturals

High Low Latest Chg Chg Opn

Cotton

High Low Latest Chg Chg Opn

Liberia

High Low Latest Chg Chg Opn

Rubber

High Low Latest Chg Chg Opn

Copper

High Low Latest Chg Chg Opn

Zinc

High Low Latest Chg Chg Opn

Aluminum

High Low Latest Chg Chg Opn

Copper

High Low Latest Chg Chg Opn

Soybeans

High Low Latest Chg Chg Opn

Soybean Oil

High Low Latest Chg Chg Opn

Soybean Meal

High Low Latest Chg Chg Opn

Soybean粕

High Low Latest Chg Chg Opn

Soybean flour

High Low Latest Chg Chg Opn

Soybean hulls

High Low Latest Chg Chg Opn

Soybean oil meal

High Low Latest Chg Chg Opn

Soybean oil cake

High Low Latest Chg Chg Opn

Soybean oil cake meal

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High Low Latest Chg Chg Opn

NASDAQ

Wednesday's 3 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press

NYSE

Wednesday's 3 P.M.

(Continued)

Wednesday's 3 P.M. (Continued)																							
12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chg	%	100s	High	Low	Latest	Chg	%	100s	High	Low	Latest	Chg	%
6704 18% Newmont	-	12650	294	284	20	200	650	634	674	+10	+2%	264	275	254	254	+10	+4%	189	314	294	314	+10	+3%
3454 234 Newmont	16	3	1452	47	20	200	500	494	500	-5	-1%	245	246	244	244	-1	+0%	245	254	250	254	-1	+0%
5045 374 Newmont	72	14	28	3077	504	494	500	500	500	-	0%	200	150	134	134	+10	+7%	305	10%	552	141	134	+10
7204 404 Newmont	12	14	24	745	271	274	274	274	274	-	0%	223	184	184	184	+10	+7%	211	14%	171	184	+10	+7%
5454 234 NewmontM	12	14	46	745	271	274	274	274	274	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
2224 9% NewmontR	31	31	2317	184	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
2814 12 NewPhipps	16	15	55	750	274	264	264	264	264	-	0%	250	250	250	250	-	0%	250	250	250	250	-	0%
24 14 NewPhipps	21	21	602	274	274	274	274	274	274	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
2004 234 NewPhipps	12	12	215	602	274	274	274	274	274	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
2004 234 NewPhipps	12	12	850	12	104	224	224	224	224	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
12% 70% NIGCAP	17	17	267	134	129	129	129	129	129	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
9115 64 NIMC pH 4.1000s	64	64	104	104	70	70	70	70	70	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
6615 374 Niles	48	48	10	17582	264	244	244	244	244	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
2234 15% NineWest	32	32	82	38	374	374	374	374	374	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
99 Cent's	5	5	15	12	24	234	234	234	234	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
3454 349 NitroPac	21	21	83	67	574	574	574	574	574	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
16744 55% Nokia	99	99	7183	104	104	104	104	104	104	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
3618 20% Nortel	16	16	7	234	224	224	224	224	224	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
6115 41% Nortel	99	99	28	12	177	484	474	474	474	+1	+1%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
3775 17% NortelS	40	40	12	157	157	154	154	154	154	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
2004 12% NortelS	40	40	12	157	157	154	154	154	154	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 13% NortelS	71	71	116	104	104	104	104	104	104	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
2232 17% NWPS	42	42	74	74	74	74	74	74	74	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
2234 22% Northwest	65	65	15	2517	424	424	424	424	424	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
114% 7% Nodax	89	89	1	308	114	114	114	114	114	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
7784 18% Nonstop	42	42	5	12	12	12	12	12	12	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
3815 15% Nucor	48	48	1	21	201	164	164	164	164	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCIO	50	50	8	17	16	16	16	16	16	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1070 9% Nucor	50	50	8	132	104	104	104	104	104	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1804 15% NUCPP	180	180	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85	85	8	98	174	174	174	174	174	-	0%	200	150	134	134	+10	+7%	211	14%	171	184	+10	+7%
1700 15% NUCPP	85																						

ABN-AMRO

By Thomas Crampton
Journalist, Asia

BANGKOK — The Dutch banking giant ABN-AMRO Holdings NV, exploring a new model for going into Asia's troubled economies, said Wednesday that it would purchase Thailand's Hillcrest commercial bank, the Bank of Asia, on a buy-now, set-the-price-later plan.

In Seoul, meanwhile, the German industrial giant RASF AG said it would pay \$500 million for a division of Daesang Group, the conglomerate since Asia's economic crisis began in July.

The two deals were a fresh sign that the sale of Asia's discounted assets may have begun in earnest. They follow a recent view of big loan commitments by investors including Prince Walid bin Talal of Saudi Arabia, the financier George Soros and Michael Jackson.

ABN-AMRO said it had agreed to buy a majority stake in the Bank of Asia, but it would adjust the price later according to the value of the bank in three years.

"Basically the deal is a case of buy now and pay now, but adjust the price later when conditions are more normal," said Tom de Boer, managing director of ABN-AMRO Asia-Pacific Pte.

The last time ABN-AMRO used a similar formula was in North America during the debt

Hyundai

2011 — The automaking sub-
sidiary of the South Korean con-
cern Hyundai Group reported
today that its net profit shrank
37.7%, citing foreign-exchange
and market problems.

Hyundai Motor Co.'s profit
fell by 26.4 percent, to 46.5
billion won (\$41.7 million), which
executives attributed to a soft
domestic market.

Other Hyundai subsidiary, Hy-
undai Electronics Industries Co.,
had net loss of 183.5 billion
won in 2010. In 2009, the company
posted a net profit of 87.8
billion won.

Hyundai Motor shares finished
2000 won at 33,400, and Hy-
undai Electronics' shares fell 4000 to
10,000 won.

Hyundai Motor said the group's
Korean economic outlook
was prediction on profit for
automaker had 11.7 trillion
won in 2011.

are case in 1997, against 11.5% in 1996, but it resorted to no sales promotions for the domestic market, cutting into profit. While domestic sales were stable and exports were favorable in the weak won, exports for non-interest installations damaged 15.1% a company.

• Guides

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ASIA/PACIFIC

ABN-AMRO Buys Thai Bank in Novel DealBy Thomas Crampton
International Herald Tribune

Ton de Boer of ABN-AMRO.

BANGKOK. — The Dutch banking giant ABN-AMRO Holding NV, exploring a new model for buying into Asia's troubled economies, said Wednesday that it would purchase Thailand's 11th largest commercial bank, the Bank of Asia, on a buy-now, set-the-price-later plan.

In Seoul, meanwhile, the German industrial giant BASF AG said it would pay \$600 million for a division of Daesang Group, the biggest sale by a South Korean conglomerate since Asia's economic crisis began in July.

The two deals were a fresh sign that the sale of Asia's discounted assets may have begun in earnest. They follow a recent slew of big Asian commitments by investors including Prince Walid ibn Talal of Saudi Arabia, the financier George Soros and Michael Jackson.

ABN-AMRO said it had agreed to buy a majority stake in the Bank of Asia, but it would adjust the price later according to the value of the bank in two years.

"Basically the deal is a case of buy now and pay now, but adjust the price later when conditions are more normal," said Ton de Boer, chief executive of ABN-AMRO Asia-Pacific Pte.

"The last time ABN-AMRO used a similar formula was in South America during the debt

crisis, and I believe this is the first time it has ever been used in Asia by anyone buying a bank," Mr. de Boer added.

This style of investment, which allows the buyer and seller to conclude a deal without actually agreeing on a final price, may gain wider acceptance as investors search for deals in Asia, analysts said.

Despite sharp falls in regional currencies, Asian owners have kept the price of their companies relatively high, while foreign investors remain reluctant to convert money into extremely volatile currencies.

Other deals in the last few days

include China Development Corp. of Taiwan spending \$15 million to buy a 59 percent stake in a unit of Bangkok Bank PCL. Meanwhile, American International Group Inc. announced plans for a \$1 billion fund to invest in troubled Asian companies.

In preparation for a possible deal, Thailand's second-largest bank, Thai Farmer's Bank, announced Wednesday it would amend its articles of association to allow up to 49 percent foreign ownership.

Pending completion of due diligence, ABN-AMRO will pay 7.5 billion baht (\$187.3 million) for newly issued shares representing 75 percent of the Bank of Asia's enlarged capital.

But in order to allow a "fair valuation" of the Thai bank during calmer economic conditions, it was agreed that the Dutch bank would also pay a second installment in two years.

The amount of the second installment will be calculated by an independent auditor using a formula the two sides have agreed.

Prime concerns preventing a fair valuation of the bank now, Mr. de Boer said, were currency volatility, the unknown number of non-performing loans and the general crisis environment affecting much of Asia.

After the dollar soared from 25 baht in July to beyond 50 baht in January, it has recently retreated to

about 40 baht. This volatility, combined with plunging stock values and deteriorating economic conditions, has made it hard to estimate how many of Thailand's heavily indebted companies will be able to repay their outstanding loans.

"In these conditions, an assessment of the fair value of the bank is extremely difficult," Mr. de Boer said. "It is also great carrot for management. I will be very happy to pay a great deal in the second tranche because it means the bank is doing well and Thailand's economy is recovering."

The practice of setting a price but adjusting it later has been long used in developed economies, especially when companies have unknown liabilities or assets, such as an outstanding lawsuit or an unproved product with tremendous potential.

But it is extremely rare in Asia for deals to be left open-ended, because local banks have little experience with such forms of financing, and foreign investors fear items may be hidden off the balance sheet.

"This is an unusual and creative deal, but there is a lot of individual trust involved," said one foreign banker based in Thailand.

"In our experience, you can never define all the possible scenarios two or three years down the road. We don't like to be forced into arbitration, so we like to close deals completely."

Bayer Scuttles Taiwan Plant, Citing Lack Of Guarantees

Coupled By Our Staff From Dispatches

TAIPEI. — Bayer AG said Wednesday that legal and political concerns had led it to abandon a Taiwan petrochemical project that would have been the largest foreign investment in the island.

The \$5 billion Taiwan dollar (\$1.54 billion) project will be relocated to the United States, according to a Bayer Taiwan vice president, John Chen.

The German company cited a lack of legal security after three years of frustrating political wrangling and \$10 million in preparatory work over the plant proposed for central Taichung County.

"We consider this project has failed," Bayer said, adding, "We have no more confidence in the legal permitting framework in Taiwan."

Bayer said a key factor in its decision was Taichung County's stalling of construction permits pending the result of a local referendum planned for June 13.

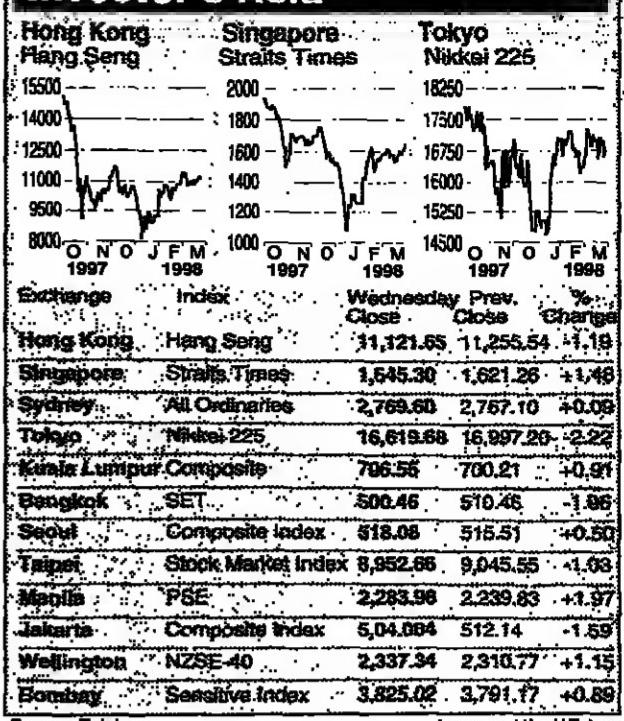
The German Trade Office in Taiwan, the European Council of Commerce and Trade and the American Chamber of Commerce had backed the project and warned that its problems could harm Taiwan's investment-friendly reputation.

"It's a loss to the local people and the government," said Chiang Ping-kung, chairman of the cabinet-level Council for Economic Planning and Development.

"I bid supported Bayer's investment because I bad hoped it would enhance the development of our petrochemical industry and improve the industry's safety standards," he said.

Taichung officials who were elected in November 2000 as anti-Bayer platform could not be reached for comment. Taichung's leadership belongs to the opposition Democratic Progressive Party, which said the plant would add toxic pollution to the already polluted Taichung harbor.

(Reuters, Bloomberg)

Investor's Asia

Source: Telkoms

International Herald Tribune

Very briefly:

Indonesia's new minister for state-owned companies, Tuni Abeng, said President Suharto had ordered him to sell off unhealthy state-owned firms. He said the performance of the country's 164 state-owned companies deteriorated last year, with 70 of them considered unhealthy or less healthy.

CITIC Pacific Ltd. reported a lower-than-expected 8 percent rise in 1997 net profit, to 7.38 billion Hong Kong dollars (\$952.7 million), and warned it faced a difficult year in 1998.

Hong Kong's Independent Commission Against Corruption charged three employees of Sing Tao Holdings Ltd. for inflating the circulation of the company's Hong Kong Standard newspaper in effort to defraud advertisers.

South Korea's current-account surplus hit a record high of \$3.87 billion in February, the fourth consecutive monthly gain, the central Bank of Korea said.

Moody's Investors Service Inc. placed Japan Airlines Co.'s A3 long-term unsecured debt and counterparty ratings under review with negative implications.

Midoco Co., South Korea's supermarket giant, was declared insolvent by creditor banks amid mounting debt and lagging sales.

Japan's Ministry of Finance will question banks about their leading practices in line with a request by Prime Minister Ryutaro Hashimoto, a senior ministry official said.

Japan's domestic output of electronics products is likely to grow less than the 3.5 percent that had been forecast for 1998 due to sluggish demand for consumer electronics, an industry group said.

AFP, Reuters, Bloomberg

AIRLINES: A Growing Debate Over Competition

Continued from Page 17

The head of the new State Economic and Trade Commission will be Sheng Huaren, 63, general manager of China National Petroleum Corp., the country's biggest oil concern. Known as Sinopec, the company was one of the few chemical companies in Asia to increase profits last year.

The economics ministry Mr. Sheng will lead will take over the

Economic Czar for China

Corporate Manager Named to Head Superministry

Compiled By Our Staff From Dispatches

ZHU RONGJI Wednesday named a corporate chief to lead a new economics superministry, sending a signal to state-owned companies that they must prosper or perish.

The head of the new State Economic and Trade Commission will be Sheng Huaren, 63, general manager of China National Petroleum Corp., the country's biggest oil concern. Known as Sinopec, the company was one of the few chemical companies in Asia to increase profits last year.

"Most of these industries are going to be thrust into the regional competitive arena, if not the international, and many of them may not be ready to face it," she said. "Sinopec has now bad some experience with facing that kind of market competition head on."

(Bloomberg, Reuters)

Household Savings Decline in Japan

Bloomberg News

TOKYO. — Japan's average household savings fell in 1997 for the first time in four years, signaling that the nation's economic slump had spread to one of the pillars of the economy.

Average savings per household fell to 16.35 million yen (\$126,350) in 1997 from 19.9 million yen in 1996, the Management and Coordination Agency said. The decline, analysts said, was a result of higher taxes and falling wages, which have left fewer yen in consumers' pockets and depressed spending for months.

solution has been the introduction of more low-cost airlines modeled on the success of Southwest Airlines Co.

For a time, the approach seemed to work. A 1996 study cocooned that passengers traveling in markets with low-cost competition saved \$6.3 billion a year, \$2.6 billion of which came from large bus airports.

But a month after that study was issued, a ValuJet Inc. plane crashed in Florida, killing all 110 people aboard. The subsequent discovery of numerous safety violations by the carrier

turned many passengers away from low-cost airlines. Applications to start new discount carriers slowed to a trickle.

Critics of the big carriers believe that the ValuJet disaster was seen as an opportunity by the major airlines to knock off other small competitors before they became a threat — a charge that the big carriers deny.

A potent way of driving out competition is so-called predatory behavior: cutting fares and then flooding a small airline's routes with cheap seats until it is forced to abandon them.

2 Hyundai Units Suffer

Compiled By Our Staff From Dispatches

SEOUL. — The automaking subsidiary of the South Korean conglomerate Hyundai Group reported Wednesday that its net profit shrank in 1997, citing foreign-exchange losses and market problems.

Hyundai Motor Co.'s profit dropped by 46.4 percent, to 46.5 billion won (\$31.7 million), which the automaker attributed to a saturated domestic market.

Another Hyundai subsidiary, Hyundaid Electronics Industries Co., posted a net loss of 183.5 billion won for 1997. In 1996, the company had reported a net profit of 31.2 billion won.

Hyundai Motor shares finished down 1,000 won at 23,400, and Hyundai Electronics shares fell 400 to 23,300.

Hyundai Motor said the grim South Korean economic outlook made any prediction on profit for this year impossible.

The automaker had 11.7 trillion won in revenue in 1997, against 11.5 trillion in 1996, but it resorted to no-interest sales promotions for the domestic market, cutting into profit.

"Even if domestic sales were moderate and exports were favorable thanks to the weak won, excessive sales for 0-interest installments damaged us," a company spokesman said.

The deal is part of our effort to improve our financial status and restructure our business lines," Chairman Koh Doo Mo said.

"The decision to sell our most lucrative business, which accounted for 20 percent of the group's total sales last year, was unavoidable," a spokesman said. BASF said the unit accounts for a fifth of global sales of lysine, an additive used in animal feed to promote growth.

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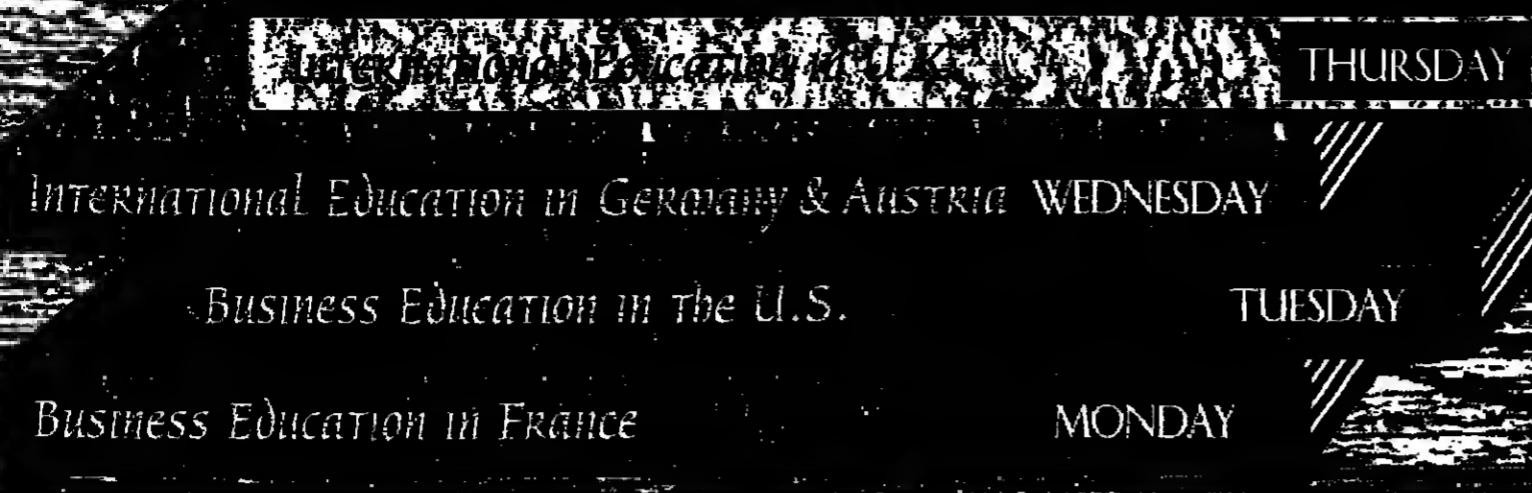
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COMING TO THE UK, AND GOING ABROAD

Business students have many opportunities to study elsewhere via linkups with foreign schools.

Business education in Britain is evolving rapidly, reflecting a more outward-looking approach that combines innovation with an international focus. Joint programs are now being offered with institutions in Europe, the United States and Asia. Degree courses, including the Master of Business Administration, are more flexible, allowing for the accommodation of a wider range of students.

The Graduate School of International Business at the University of Bristol offers an MBA in International Business along with a post-graduate diploma and post-graduate certificate in the same field.

"The teaching faculty is drawn from both top-ranking universities and the business community around the world, while participants have the opportunity to spend some time studying at the Graduate School of International Business at the Ecole

Nationale des Ponts et Chaussées in Paris.

Other partnerships have been established with the University of California in Berkeley, the University of Katowice in Poland, the University of Ljubljana in Slovenia and the University of Hong Kong. Language tuition is included in the MBA for students who are not already multilingual.

Developing network

Working with international management consultants KPMG, Bristol is currently offering a program aimed at developing the firm's talent in client companies to create an international network of contacts.

Among the 93 business people from 21 countries studying in Bristol, 25 of them are from KPMG client companies. "The word about this MBA is getting around, and we wanted to make this opportunity available to our clients, too," explains Philip Kirby, KPMG's European

Resources Partner in Brussels.

The University of Bath's School of Management has been offering a two-year, part-time MBA program with the Malaysian Institute of Management (MIM) for the past 10 years. The MBA is awarded by Bath. A key feature is the residential study period that all students undertake at the British campus during the program. Because the number of students is limited to less than 50, participants get to know each other and develop close links with the staff.

"Modular" programs Since 1996, Bath has also been offering modular MBAs that can be tailored to individuals' specific needs. Amanda Brook, the University's External Relations Manager, explains that such a program is aimed at overcoming the problems encountered with part-time courses.

"The loss of a key member of staff on a regular basis makes such courses difficult to reconcile with the demands of modern business," she says, "and regular evening or weekend work can have a negative impact on students' personal lives, particularly for those who are married or who have small children."

The modular program allows a student to complete the MBA over a minimum of three and a maximum of eight years. If a student misses a module, he or she

can simply choose from a number of other modules in order to complete the number required. "It means that the student's progress is not hindered by short-term demands or unforeseen changes in circumstances," Ms. Brook says.

For students seeking summer courses in business and management studies, the London School of Economics (LSE) is offering two sessions focusing on globalization and financial operations. The first, which runs from the end of June until mid-July, includes courses on "The New Europe in the World Economy," "The New World Trade Order" and "The Politics of Global Finance."

The second session, which runs from mid-July until the first week of August, covers topics such as "The Political Environment for Global Business," "The Design and Management of Organizations" and "International Business Strategy." For those unable to pursue a full- or part-time degree program, such courses combine access to the latest thinking by some of the world's leading professors and lecturers with the opportunity to form new contacts and networks with a wide variety of fellow participants from around the world.

The Open University, which pioneered distance

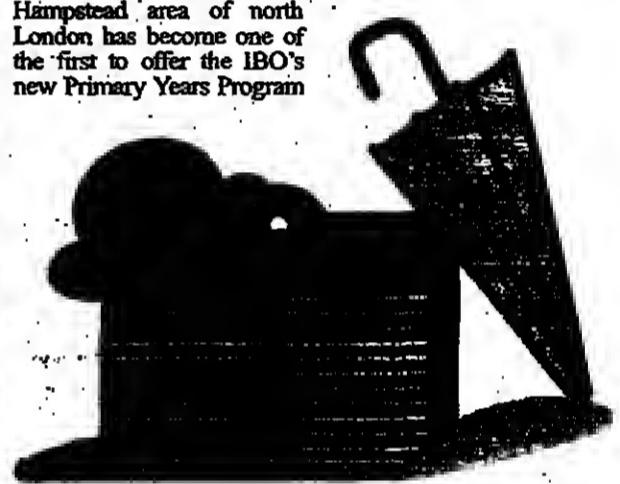


EDUCATING WORLD CITIZENS

The IBO primary and secondary programs emphasize critical thinking and humanistic values.

More than 30 schools and colleges in Britain now offer the International Baccalaureate, which is administered by a chartered foundation, the International Baccalaureate Organization (IBO), based in Geneva. Founded in the 1960s, the IBO grew out of international efforts to establish a common curriculum and university entry credential for geographically mobile students. Today, its members include educational institutions in almost 100 countries.

In Britain, Southbank International School in the Hampstead area of north London has become one of the first to offer the IBO's new Primary Years Program



for pupils aged from 3 to 12 years. Launched in September at the start of the current academic year, it makes the IBO the only private organization in the world to offer an international curriculum from kindergarten through the pre-university years.

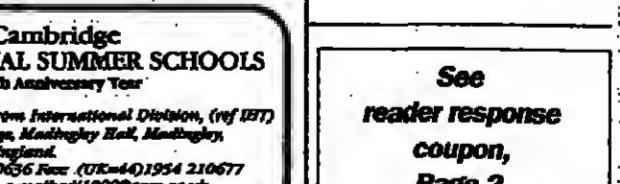
Founded in 1979, Southbank serves children of all nationalities up to age 18, with pass rates well above international standards. In addition, it provides a U.S. High School Diploma at its Kensington campus, as well as art shows, science fairs and the London International Gallery of Children's Art.

Grants from the Ford Foundation, the Twentieth Century Fund and others have helped the IBO to develop a balanced, advanced curriculum that embraces institutions operating within a variety of national systems. The IBO also assesses the courses offered by its participating institutions and provides teacher training and information seminars, electronic networking and other educational services, as well as fostering program development.

IB schools also pride themselves on combining intellectual rigor and high academic standards with a strong emphasis on teaching their students the ideals of international understanding and responsible citizenship. The desired aim is to create a student who is a critical and compassionate thinker and an informed participant in local and world affairs.

As IBO officials in Geneva explain, the IB student is one who values the shared humanity that binds all people together while respecting the variety of cultures and attitudes that makes for the richness of life.

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Visitors are invited to the Hampstead Open Day on Saturday, 21 March from 1-3:30 at 16 Netherhall Gardens.

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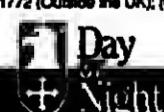
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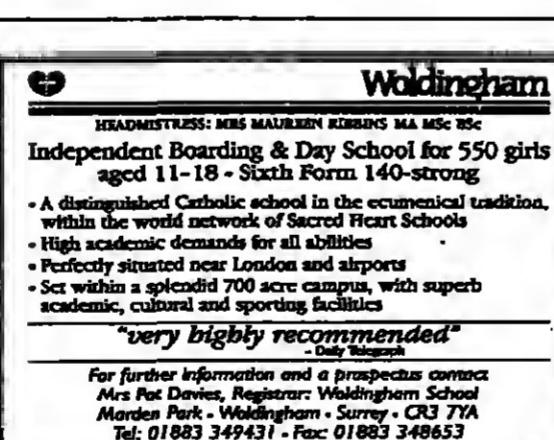
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International Education in U.K.

THURSDAY

COMPARING SCHOOL PERFORMANCE

The government publishes an annual list of results.

With the progressive introduction of the School and College Performance Tables, published by the UK Department for Education and Employment since mid-1990s, potential consumers of British education have gained an increasingly reliable guide to the quality of what is on offer. Although statistics don't tell you everything about a school, the tables give a very precise account of exam results achieved by the various institutions listed in them.

It used to be extremely difficult to compare the relative performance of private schools with those in the state sector, but now it is easy. While it is generally true that the better, usually more selective, private schools outperform their counterparts that are wholly dependent on public funds, there are some surprises to be found in the columns of figures.

The scores from the tables referred to in this article indicate how well students have performed in their British Advanced Level examinations. Usually they take two or three of these A-levels to prepare them for university admission. The average national score for all schools is 18.6. But this figure is skewed artificially high because many top-performing institutions have relatively small student bodies, whereas those tending to do less well have larger enrollment. So the national average student score is appreciably lower, probably around 15 points, but is still adequate to win a place at a less prestigious British university.

For instance, a very popular fee-charging school in the fashionable center of London is the Lycée Français Charles de Gaulle, which boasts students from more than 70 nations. It offers two routes for those aged 13-19: The French section has lessons in that language leading to French examinations, while the smaller British section is taught in English and takes British exams.

A year's tuition fee for a senior student in the British section is about \$6,000, but it is only \$3,800 for the French. The school claims that the French option is overwhelmingly favored by foreign diplomats for their children. The league tables reveal that the school scores 18.8 points for those taking two or more subjects at British Advanced Level.

For those considering the state sector, one of the best schools is Camden School for Girls, which manages a score of 18.0, only marginally below that of the Lycée Français. Also in the publicly funded sphere is Pimlico School, with a score of 18.2, an especially good result for a school that takes boys and girls from the age of 11 without any form of academic selection whatsoever.

Both of these state schools are located in the central London area.

The American School in London is another highly popular choice among the international community, but because it prepares its student only for U.S. examinations, its results cannot appear in the comparative tables.

If children can attend schools outside the capital city, there



are some tuition-free institutions that achieve outstanding results in the university entrance exams at Advanced Level. Among those that teach A-levels for university entrance, Hills Road in Cambridge scores 28.4, while Greenhead in Huddersfield manages 24.9. Performance at these levels outstrips the bulk of fee-charging schools.

Some parents want their children to board at school, either on week days only, or for whole terms lasting about three months. In these instances, fees will inevitably have to be paid, but there are schools, called grant-maintained institutions, that don't charge for tuition, but do for boarding. Cranbrook School in Kent, about 50 miles from London, falls into this category.

Boarding for a whole year costs about \$8,700, a relative bargain compared with private schools, which would charge around \$20,000. Cranbrook scores 20.7 on the Advanced Level points system and admits both day and boarding students.

If you are considering a British school for your son or daughter, a glance at the annual School and Performance Tables could well pay dividends.

A major consideration that must be taken into account is where the student intends to attend university, which may well limit choice. Only a few institutions in Britain offer U.S. or French exams.

Graham Wade

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The U.S. system offers flexibility and modular programs.

Providing degrees acceptable to American universities is a growing business in Britain.

Independent institutions like Richmond, the American University in London and the American College, also in London, cater to a wide variety of students from around the world.

Broad cultural experience American universities, in turn, such as Boston University and Florida State University, offer students from the United States the opportunity to spend a term or a whole year sampling the delights of higher education in Britain, as well as the opportunity to mix with a wide range of fellow students in a multicultural environment.

Richmond offers 17 different majors and has the advantage that its BA and BS degrees are combined with accreditation by Britain's own Open University, says Heather Sacco, director of marketing. In addition, it offers a visiting program in Florence, Italy, for students who want to specialize in art history.

About 1,000 students are enrolled this year, from some 100 countries, including 20 percent from the United States and 20 percent from Britain.

Founded 26 years ago, the American College offers students the opportunity to study solely in Britain or to divide their studies between campuses in Atlanta and Los Angeles in the United States, or in Dubai in the United Arab Emirates, reports Bill French, senior vice president. All four campuses provide the same degrees, and the same courses, he says.

Students generally spend their first two years in Richmond and their last two years in Kensington, which also provides a curriculum leading to the MA and Master of Business Administration degrees.

"People choose us because, while they like the

American system, with its flexibility and modular systems, not all parents want their students to go to the United States," notes Ms. Sacco. "Students who are comfortable in a mixed environment or who plan to work internationally, especially in business, can learn about other cultures" at Richmond, she adds.

The American College, whose campus is located in the Marylebone area of central London, offers two-year Associate of Arts and four-year Bachelor of Applied Arts degrees in a number of specializations, including fashion design and merchandising, business administration, commercial arts and interior design. In addition, students can also study for a Bachelor of Business Administration or a graduate level MBA degree.

Boarding

for a whole year costs about \$8,700, a relative bargain compared with private schools, which would charge around \$20,000. Cranbrook scores 20.7 on the Advanced Level points system and admits both day and boarding students.

Accreditation

by the Open University

is included in the cost.

Cost

of living

in Britain

is included in the cost.

Transportation

to Britain

is included in the cost.

Accommodation

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is included in the cost.

Food

in Britain

is included in the cost.

Entertainment

in Britain

is included in the cost.

Books

in Britain

is included in the cost.

Other expenses

in Britain

is included in the cost.

Total cost

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THURSDAY, MARCH 19, 1998

WORLD ROUNDUP**Games Break Even**

OLYMPICS Even though expenses far exceeded initial estimates, the Nagano Winter Olympics appear to have generated enough revenue to offset the costs, an official said Wednesday.

"We expect to break even and avoid any red ink," said Hidehiko Arai, a Nagano prefectural official.

He said operating expenses for the Feb. 7-22 competition were expected to reach \$43.4 million, well above the initial estimate of \$59.1 million made when Nagano was selected in 1991.

The added costs are expected to be offset by strong ticket sales and higher-than-expected revenue from sponsorship contracts set in dollars, thanks to the recent weakening of the Japanese yen, Arai said.

The preliminary figures show that the Olympics cost a total of about \$4.4 billion, including spending on construction projects. (AP)

Australia in a Spin

CRICKET Jagaval Srinath, an Indian fast bowler, and spin bowlers Sarav Ganguly and Anil Kumble all took three wickets as India dismissed Australia by 233 on the opening day of their second test in Calcutta. Steve Waugh was top scorer for Australia with 80.

Yousaf Youhana and Moin Khan shared a stand of 110 either side of tea Wednesday to ensure that Pakistan drew the first test against Zimbabwe in Bulawayo. Pakistan, which needed to score 368 to win, finished on 258 for six wickets. (Reuters)

Pirates Plan Stadium

BASEBALL The Pittsburgh Pirates are planning a 38,000-seat ballpark with enough charm they hope, to tempt fans to buy tickets.

"Probably most importantly, it's going to be all grass," said Cam Bonifay, the club's general manager.

The team and local government leaders hope to build the still-unfunded ballpark in time for Opening Day 2001. If various government bodies approve, the park's \$228 million cost would be raised through bond issues, federal and state grants and private investment.

The team currently plays in Three Rivers Stadium, a multipurpose stadium that fans say is a poor venue for baseball because spectators sit as far as 132 feet from the field. (AP)

Oilers Could Stay Put

ICE HOCKEY The bank handling the sale of the Edmonton Oilers said Wednesday that it had accepted a \$70 million bid from the group of local investors to buy the National Hockey League club.

If the bid from the 17-member local group had been rejected, an \$82.5 million offer by Les Alexander, a Texan, would have gone through. Alexander had said he would move the team to the United States. (Reuters)

Inter Milan Avengers Bitter Loss to Schalke**Reigning UEFA Cup Champion Bows Out**

Reuters

LONDON — Inter Milan avenged its defeat by Schalke 04 in last season's UEFA Cup final by knocking the German team out of this season's competition.

Inter held Schalke to a 1-1 draw after extra time in their quarterfinal second leg in Gelsenkirchen on Tuesday night to advance, 2-1, on aggregate.

Michael Goossens scored a spectacular goal for Schalke in the 90th minute

of regular time to level the score and force extra time.

But Schalke's troops barely had time to congratulate themselves before Taribo West put Inter back in the lead with a header in the second minute of the extra period.

Meanwhile, Lazio of Rome effectively settled matters with Auxerre in the first 13 minutes on Tuesday night on goals by Roberto Mancini, who scored with a seventh-minute penalty, and Guerino Gottardi, who tallied six minutes later.

An Auxerre striker, Stephane Guiwarz, scored twice to give his team a 2-1 home draw, but the French club lost on aggregate, 3-2.

In Birmingham, Jose Luis Caminero pounced on a mistake by Mark Bosnich, the Aston Villa goalkeeper, to score for Atletico Madrid in the 29th minute to give the Spanish team a 2-0 overall lead. But Villa revived in the second half with two goals in two minutes. Ian Taylor scored the first in the 72d minute and Stan Collymore, a second-half substitute, added the second with a powerful curling shot from outside the penalty area.

In Sheffield, Coventry took the lead

through a Paul Telfer goal after 10 minutes. As fans started leaving the ground in the final minute, David Holdsworth equalized to give Sheffield United a chance. Alan Kelly, the United goalie, saved three Coventry penalties to put the first-division club through.

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In the penalty shootout, both teams missed two of their first five shots and sudden-death penalties were required.

The Arsenal captain, Tony Adams, scored, but Samasssi Abou of West Ham hit the post to send Arsenal into the second half.

Despite being a man down, Arsenal took the lead with a goal by Nicolas Anelka at the end of the first half. John Hartson then leveled for West Ham in the second half.

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CROSSWORD

SPORTS

Bulls Win Despite Punchless Reserves

The Associated Press

Who needs reserves when you have Michael Jordan?

The Chicago Bulls didn't get a single point, rebound or assist from a backup player on Tuesday night, but it didn't matter. Jordan scored 35 points, made a big steal with 29 seconds left and hit two

NBA Roundup

clutching free throws as the Bulls beat the Pacers in Indiana, 90-84, in a showdown between Eastern powers.

The five Chicago subs contributed nothing except three turnovers and five fouls.

"I don't think I've ever seen that," Jordan said. "There's a first time for everything. They're laughing about it now. It's good, because they know the next game they can at least be better than this game."

Indiana's reserves outscored Chicago's subs, 32-0, but the Bulls still increased their lead over the Pacers to 3½ games in the Central Division.

All five Chicago starters played at least 39 minutes, and Dennis Rodman, who grabbed 19 rebounds, played the entire 48 minutes.

Muggets 90, Wizards 89: Anthony Goldwire sank a 3-pointer with 7.2 seconds left as visiting Denver rallied for its third victory in four games.

Hawks 117, Raptors 105: Moose Blaylock had a triple-double and Tyrone Corbin led a 3-point barrage with 20 points as Atlanta won at Toronto.

Knicks 100, 76ers 96: Allan Houston scored 31 points, Larry Johnson had 26 and New York held off visiting



The Pacers' Jalen Rose looks to the basket as Scottie Pippen of the Bulls rises up to defend from behind.

Philadelphia after nearly hitting a 22-point lead.

Magic 99, Grizzlies 92: Nick Anderson had 21 points and 12 rebounds as the Magic spoiled the return of their former coach, Brian Hill, to Orlando. After being fired last year, Hill was hired by the Grizzlies.

Knights 107, Kings 90: Antonio McDyess had 19 points and 12 in the third period as Phoenix won its fifth straight. Cliff Robinson finished with 18 points for the host Suns, who gave Coach Danny Ainge a victory on his 39th birthday.

Rockets 96, Bucks 91: Clyde Drexler, rumored to be retiring at the end of the season to coach his alma mater, the University of Houston, got 15 points and nine assists as the host Rockets beat Milwaukee.

Cavaliers 96, Trail Blazers 92: Yotam Potapenko had his season high with 18 points as Cleveland snapped a six-game road losing streak. Shawn Kemp and Brevin Knight each scored 20 for the Cavs.

Warriors 107, Mavericks 102: Rodney Rogers scored 30 points, including a go-ahead 3-pointer with 20 seconds remaining, to give Los Angeles a victory at Golden State.

The Clippers (15-50) have won five straight over the Warriors (14-51).

Clippers 107, Warriors 102: Edwards 27-10-16, 28, Thibault 5-10-10, 12-22, 16-17-17-18-24, Harkness 10-16-17, 18-19, 20-21, 22-23, 24-25, 26-27, 28-29, 30-31, 32-33, 34-35, 36-37, 38-39, 40-41, 42-43, 44-45, 46-47, 48-49, 50-51, 52-53, 54-55, 56-57, 58-59, 60-61, 62-63, 64-65, 66-67, 68-69, 70-71, 72-73, 74-75, 76-77, 78-79, 80-81, 82-83, 84-85, 86-87, 88-89, 90-91, 92-93, 94-95, 96-97, 98-99, 100-101, 102-103, 104-105, 106-107, 108-109, 110-111, 112-113, 114-115, 116-117, 118-119, 120-121, 122-123, 124-125, 126-127, 128-129, 130-131, 132-133, 134-135, 136-137, 138-139, 140-141, 142-143, 144-145, 146-147, 148-149, 150-151, 152-153, 154-155, 156-157, 158-159, 160-161, 162-163, 164-165, 166-167, 168-169, 170-171, 172-173, 174-175, 176-177, 178-179, 180-181, 182-183, 184-185, 186-187, 188-189, 190-191, 192-193, 194-195, 196-197, 198-199, 199-200, 200-201, 201-202, 202-203, 203-204, 204-205, 205-206, 206-207, 207-208, 208-209, 209-210, 210-211, 211-212, 212-213, 213-214, 214-215, 215-216, 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ART BUCHWALD

Unnamed Sources

WASHINGTON — There are now 340,987 unnamed sources in Washington. Many of these, who have asked not to be quoted, have been called out of retirement due to the alleged Clinton sex scandal.

One insider, who shall remain nameless, told me, "If it wasn't for this country's unnamed sources there would be no Clinton scandal. Our 'not-for-attribution' quotes are what makes this story sizzle."

"How do you choose which media to leak to?"

"We go with whoever calls us first. There are almost as many reporters on this story as there are people who don't want to be quoted by name."

"The media owe you a lot."

"We have to ask not what our country can do for us, but what we can do for Geraldine Rivera." That quote has been attributed to John F. Kennedy.

3 Paintings Slashed

At Museum in Dallas

The Associated Press

DALLAS — Three paintings at the Dallas Museum of Art have been vandalized.

After a 40-inch scratch was discovered Tuesday on Frederic Church's "The Icebergs," the museum found a scratch on Edward Hopper's "Lighthouse Hill." The third painting was "The Witches."

Mary Vernon, an art professor at the Meadows School at Southern Methodist University, said the Church and Hopper paintings were "pieces of significant American art."



by a high government official, who cannot be identified."

"As an unnamed source, aren't you afraid someone will identify you by name?"

"It's a risk. Once you are identified you lose your credibility. Our role model is Deep Throat. To this day no one knows who he was, and yet his information broke open Watergate. Reporters dream about finding another Deep Throat in Monica Lewinsky's garage."

□

What I didn't know is that the unnamed sources have an organization where they exchange tidbits on various scandals.

A juicy item on Linda Tripp is worth two rumors about Jennifer Flowers.

"Does it ever bother you that an unattributed piece of gossip could bring down the president of the United States?"

"Not much. You cannot have a free press unless you permit people to talk off the record. Unattributed sources are always the best ones, particularly when the reporter is on deadline. I have had anchormen call me up just before they go on the air to confirm something they heard from another unidentified source."

"Do you say it's true?"

"I have to, because that person might be called to find out if what I leaked had any validity."

"You do see a light at the end of the tunnel when unnamed sources will no longer have status in the United States?"

"Not as long as there is a national sex scandal. People don't give a damn about Iraq, but when it comes to official hanky-panky, they'll take the unnamed source's word against an official spokesman's every time."

By Todd S. Purdum
New York Times Service

LOS ANGELES — From the opening shot of "Primary Colors," in which the camera pans slowly from a beefy politician's hand to what turns out to be John Travolta's full face — half smiling, half pouting in an unmistakable mix under silver-gray hair — there is no doubt about just whose handshake, face and flaws this movie is meant to evoke.

There is even less doubt halfway through the film when a young aide to Governor Jack Stanton, the prodigal Southern presidential candidate whom Travolta plays, confronts the governor alone in a men's room and tells him that a black teenager in his home state claims she's about to have his baby. Stanton slams the wall in a wave of self-pity, and wails, "I just can't catch a break, can I?"

The voyeuristic thrill of that moment, in which the perfect pitch of an imagined incident utterly trumps the truth of the nighty news, will be part of the guilty pleasure of this "Primary Colors" after it opens Friday in the United States, just as it was when Joe Klein's novel began life two years ago as an anonymously published parlor game.

But whatever the film critics end up saying about the artistic merits of the movie, directed by Mike Nichols from a screenplay by Elaine May, the story it tells is, on the big screen, inevitably larger and more powerful than it was in the book.

In the first weeks of the post-Monica Lewinsky era of American politics, "Primary Colors" the movie suddenly seems no longer just an attempt at a sophisticated political comedy-drama, but a callous Rosetta Stone to help decipher prevailing notions of private behavior and public morality — a way to laugh at ourselves and our folly, and to cry.

"It's where we are," said Nichols, the director of such path-breaking social commentaries as "Who's Afraid of Virginia Woolf?" (1966), "The Graduate" (1967) and "Carnal Knowledge" (1971). "It's about us more than them. It's not about Clinton, but about the 'Clinton thing.' It's about our process, and where we've brought it and it's brought us. It's about the gantlet that candidates have to run. It's about scandal, and the power of scandal in this mediatic world. It's about sexuality, and its uncontrollability, and what happens when you try to control it. It's about the mystery of

marriage and how no one ever knows what's going on inside a marriage."

That is a mouthful, but so is the movie, which is going to feel as much like the 1992 presidential campaign to those who lived through it as D.A. Pennebaker and Chris Hegedus's 1993 documentary "The War Room" did. But even as this tale takes on new overtones of reality, the combined effect of May's and Nichols's craft and a cast that also includes Emma Thompson, Kathy Bates, Billy Bob Thornton and Larry Hagman is that the story can at last be appreciated on something approaching its own terms.

"Primary Colors" is still a timely twaking of people we know, but so were other dramas of leadership from the Greeks to Shakespeare, and like them it is ultimately "kind of human and awful and sad," as one character in the film says.

The saga of Jack Stanton, his flinty wife, Susan, their idealistic campaign aide Henry Burton, their mad-dog consultant Richard Jenmmons and their internal "dust buster," Libby Holden, closely and deliberately echo Clinton, his wife, Hillary, and their aides George Stephanopoulos, James Carville and Bertsey Wright, Clinton's longtime chief of staff in Arkansas who for much of the 1992 campaign fended off what she called, in a fit of impulsive revulsion, "birbo eruptions."

But actual events have all but outdistanced the most outlandish conceits of "Primary Colors." So much so that executives at Universal Pictures, which spent nearly \$70 million to make the movie and another \$30 million to promote it, have fretted that it may sink under the weight of yesterday's news — a notion that Nichols dismisses with a mockery.

"I don't understand what the problem is," he said. "This movie would have done well, people will say, but it was just too relevant? And people talked about it too much, and that just did it a lot of harm?"

Still, he acknowledges, it would be foolish to be cocky about the public's reception to any such project. And television news ratings, which spiked upward in the first days of the allegations about a relationship between the president and Lewinsky, have receded again. But this movie may wind up being the perfect palate cleanser for a public weary of Kenneth Starr's stalemated morality play, a pin to prick the pundits' conflated speculations.

In fact, as dramaturgy, May's screenplay emphasizes the human story at the center of

the Stantons' rise, and pares away some of the subplots and winking expository byways of the book.

There has been much hyperventilating on both coasts of the United States that the movie has somehow defanged the novel. It has been proposed that Nichols's casual acquaintance with the Clintons from summers on Martha's Vineyard and a 1992 fund-raiser made him pull his punches.

It has also been suggested that Travolta's meeting with the president's national security adviser, Samuel Berger, about discrimination against Scientologists in Germany was a payoff from the president to the actor, who is one of Scientology's most prominent international celebrities, for sanding down his performance.

The film's publicity representatives declined to make Travolta available to be interviewed for this article, but he told *George magazine*, "You'd have to be dead not to see that the film favors Clinton."

Such speculation ignores several realities,

chief among them the central plot device, which remains the allegation — unproven, but all too believable to even the governor's



John Travolta and Emma Thompson in Mike Nichols's "Primary Colors."

closest aides — that Stanton has impregnated a minor and then tried to cover it up. Not exactly flattering stuff, and ample grist for Clinton haters everywhere.

Then there is the truth that Klein, who was one of Clinton's earliest boosters in the national press, has never completely abandoned his faith, despite some brutal criticism, and never conceived of his novel as the hatchet job some saw.

"Nobody is unimpeachably right, in Primary Colors," said Klein, whose exploration of the moral corrosion of politics borrowed from Robert Penn Warren's 1946 novel "All the King's Men" and whose big set speeches remain essentially intact in the film.

"There are no villains in it," he continued. "To a very great extent what the book became for me was a way to exorcise my frustrations with the journalistic form of having to find heroes and villains. You've got to make the choice about whether you want the guy who absolutely, legitimately cares for the people and feels he can get away with murder, or do you want someone mediocre."

World's Daily News

BBC Heads
With a Gui
to New Front
TV in Ameri

By Tom Buerkle

LONDON — The British Broad

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new cable channel, BBC

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for months of negotiations

first step yet in the BBC's

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Arnold Schoenberg, a collaborator of

chamber music and film scores. The fest

awarded a special prize to Peter

Manuira for his documentary on Sir

Georg Solti, who died in September

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PEOPLE



SPANISH SPICE — Papier-mâché Spice Girls in the last hours before hundreds of "fallas" were burned in Valencia to celebrate winter's end.

THE French director Luc Besson has been sued by a writer who claims Besson stole his idea for the hit film "Leon." Franck Gerardi contends there are "blatant similarities" between his script and the screenplay for Besson's 1994 film. Gerardi's lawyers contend he wrote his script in 1990 and submitted it to a film company run by Luc Besson's father, Claude. Gerardi and his lawyers have asked a Paris court for a provisional 1 million francs (\$165,000).

An imperfect body has raised fears that Lyon's museum of fine arts may be exhibiting a fake painting attributed to the Italian painter and sculptor Amedeo Modigliani. Christian Briand, the museum's curator of 20th-century collections, said the painting was not in the descriptive catalogue of Modigliani's works. Experts raised doubts about the authenticity of the painting because of "anatomical improbabilities" in the portrayal of the nude woman, Briand said. Her throat, for example, "is strangely sunk into her shoulders," he

said, and the depiction of the way she is looking is unusual for a Modigliani. The painting will be sent for tests in Paris to analyze its brush-strokes.

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Soccer 1, Rock 'n' Roll 0. The fledgling Paris rock festival that last year boasted David Bowie, NTM and The Prodigy has been called off. Its organizers said the festival, which was to have blasted off on July 13 and 14 at the Parc des Princes, would be scrapped because the capital's stadiums have been booked for the World Cup finals. They said the stadium wouldn't be ready till the end of July and they had no other sites available. They'll hold off until 1999.

Elvis has not left the building. He's making a comeback more than 20 years after his death at Radio City Music Hall in New York City in a video montage on a 20-foot screen. Original members of his band and a 16-piece orchestra will play along to the footage. Screens car-

rying the action from the stage will be on either side of the giant screen, giving the illusion that the King and the musicians are playing the same tune.

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King Hussein of Jordan and his American-born wife, Queen Noor, have been honored by the Simon Wiesenthal Center for their efforts to bring peace to the Middle East. More than 600 guests attended the awards dinner in New York. Previous award winners were U.S. Vice

President Al Gore and Margaret Thatcher, former prime minister of Britain.

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An animal rights activist who smacked Oscar de la Renta with a tofu cream pie in November was fined \$150 and ordered to do 20 hours of community service. Alison Green also must write a letter of apology to the clothing designer and spend 18 months on unsupervised probation. She was sen-

tenced in Hillsboro, Oregon. De la Renta was struck while visiting a mall to promote his perfumes. Green was protesting his use of fur in his clothing.

□

The Larry Weinstein film "Solidarity Song: The Hains Eisler Story" has won the top prize at the fifth festival of music at the Louvre in Paris. "Hains Eisler" (1892-1962), a pupil of Arnold Schoenberg, a collaborator of Brecht and a committed Marxist, wrote chamber music and film scores. The festival also awarded a special prize to Peter Manuira for his documentary on Sir Georg Solti, who died in September.

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Sad news from the World Wide Web: The Hillaryhair site has closed. A painstaking and elegant archive of nearly everything worn by Hillary Rodham Clinton, the site paid homage to her need for change and invited browsers to vote on their favorite hair style. "It fell into a state of disrepair," said the site's creator, Mike Miller.

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